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Leadership Cultural Intelligence: A Path to Highly Effective Global Operations

A Project Submitted in Partial Fulfillment
of the Requirements for the Degree of
Master of Liberal Studies

By
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March 2015

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March, 2015

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Abstract

This is a comparative study of how to achieve highly effective leadership in foreign cultures. The collective findings reveal that effective leadership is significantly limited when not accompanied by conscious efforts to apply cultural intelligence as a leadership dynamic in global operations. It reviews the science of leadership in terms of visionary transformation of organizations by leaders and the application of cultural intelligence operating in foreign culture environments. It evaluates the effect of cultural differences in the key leadership areas of innovation, a primary determinate of effective organizational performance, and ethical behavior applied across different cultural groups. Published research from three formative industry studies, the GLOBE Research Project, the EU Study of Organizational Innovation in Foreign Operations, and the Resick et al. Study of Ethical Values and Leadership as well as published views from military experts by Barnes, Doty and Myers, form the theoretical models against which highly effective leadership and cultural intelligence can be measured.

This study compares findings from a practical research project conducted by the author where a collection of interviews with established experts in international business and national defense and security operations are analyzed against the theoretical model. The findings test and validate the hypothesis that leadership cultural intelligence is a prerequisite for highly effective leadership in foreign-based operations. A recommendation is provided for organizations to consider when fielding ex-patriot and military leadership into foreign-based operations.

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Introduction

We live in an exciting world. With advances in air travel and other forms of transport technologies, traveling and sojourning around the world has become more affordable and accessible. As we sojourn around the globe, we encounter people who strike us as being like ourselves, and yet, at the same time, thinking and behaving differently. Some of these differences intrigue us; and at other times, they catch us by surprise.

-Unattributed source, BBC News, January 12, 2000.¹

This quotation from BBC News, although unattributed, hints at an important and timely dilemma affecting global operations today. The dilemma concerns international business operations just as it does the world of foreign affairs and globally connected military operations. The basis of the dilemma is cultural differences, across societies, across countries, where not only business practices but also value systems, mores and ideologies contrast sharply. Today's world presents a landscape of power haves and have-nots where the most powerful nations carry enormous advantages of economic means, technological know-how, and wealth accumulation—all contributing to significant capacity advantages over the lower echelon countries still striving to develop and progress. Yet these have-nots represent important sources for the future economic growth of World commerce as well as valuable untapped resources. More importantly, the advance of technology makes clear that an interconnected world must share and protect its common resources to insure an interconnected and advancing global enterprise as well as societal well being. Today with the power advantages in the hands of the most advanced economies of the world, the responsibility to share and protect markets and market places falls to the leadership of the advanced societies. The requirement is for a new and more effective brand

¹ P. Christopher Earley and Soon Ang, *Cultural Intelligence: Individual Actions Across Cultures*, (Stanford, CA.: Stanford University Press, 2003,) xi.

of leadership, one that recognizes the importance and practices the application of cultural intelligence, or CQ, as it is referred to in contemporary leadership literature. The hypothesis of this thesis paper is that effective leadership when exercised within foreign cultures requires a continuing level of cultural intelligence demonstrated by the leader and exercised over an extended time frame.

CQ can mitigate the "surprise" element in expanding and adapting international operations within foreign countries. Increasingly, it is recognized as the critical ingredient to insuring success and effectiveness from the leadership sent to enact international operations in foreign cultures. Forbes magazine writes: "Our leaders can't buy cultural intelligence. It's not for sale. You must live it in order to authentically be it." ²

CQ, in form and practice, has long existed although its importance has not until recent years been fully appreciated. The definition of the term in today's leadership literature is "capability for successful adaptation to unfamiliar settings attributable to cultural context." ³ It is referred to in the literature of leadership psychology and practice as one of multiple facets of intelligence necessary for leadership in general. Simply, it is the ability in a leader to perceive the unfamiliar characteristics dominant in the organizational culture and then adapt a style of leadership that will be effective in that culture. The approach is simple in form yet complex in application.

The importance of CQ has been born out in my personal research and collected testimony from many proven leaders who have spent careers engaged in international business

² Forbes Magazine, 30 May 2011, "The lack of Cultural Intelligence is Damaging Our Enterprises and Our Economy."

³ B. Peterson, *Cultural Intelligence*. (Yarmouth, ME: Intercultural Press, 2004), and D.C. Thomas & Inkson, K. (2004), *Cultural Intelligence: People Skills for Global Business*.

affairs of multi-national corporations and U.S. military operations in various global arenas. I have interviewed leaders about their experiences and concluded that the proper understanding of CQ and its application is of paramount importance to the modern world due to an increasing complexity of global operations brought about by efforts to meet a host of rising demands. In this study I will introduce Fred, the American expatriate manager, who was sent by Westinghouse Electric Corporation to Beijing to lead a steam turbine manufacturing joint venture, and also, Joe, the American Special Operations Officer, who was tasked with implementing an effective checkpoint station near Kabul, Afghanistan. Fred relates: “Key to success then becomes a question of respect for the leader by the Chinese,” a lesson he has to learn the hard way before realizing that effectiveness within the American-Chinese joint venture is directly proportionate to their respect afforded to technical expertise. Similarly, acquired CQ is revealed by Joe the Special Forces Officer, who coins the phrase “Afghan Good enough,” based on a quote by T. E. Lawrence in his seminal autobiographical masterpiece: “Better to let the Arabs do it imperfectly than to do it perfectly yourself, for it is their country ... and your time is short.”⁴

Increased demands on organizations are spurred by the drive to place new operations in foreign countries in order to supplement flat or declining growth prospects. The situation in the military is similarly strained as NATO-type alliances depend heavily on widely deployed military assets to provide global security for international relations and commerce. It is increasingly evident that effective leadership must rise to extraordinary measures to capture and apply the benefits of CQ among the deployed leadership ranks.

This comparative study attempts to shed new and practical light on the subject of CQ and effective leadership in the global environment. It reviews literary sources for what makes up

⁴ T.E. Lawrence, *Seven Pillars of Wisdom: A Triumph*, (Blacksburg, VA.: Wilder Publications, Inc. 2011.)

effective leadership, particularly when applied in diverse cultural settings. Some of the sources are Kouzes and Posner's *The Leadership Challenge: How to Get Extraordinary Things Done in Organizations*, Christopher P. Earley's and Elaine Mosakowski's *Harvard Business Review* article: "Cultural Intelligence", Gary S. Becker's *Human Capital*, and Peter Drucker's *Managing in the Next Society*. Formative studies by P.W. Dorfman and R.J. House and Gupta (eds) on *Culture, Leadership, and Organizations: The GLOBE study of 62 Societies*, and the subsequent analysis "A Cross Cultural Examination of the Endorsement of Ethical Leadership" plus several other related works provide a substantial base from which the leadership dimension in cross-cultures is examined. G.S. Becker contends that a strong measure of economic utility is an effective technical means to justify the incorporation of leadership cultural intelligence, or LCQ, into an overseas business and operational strategy.

LCQ is complementary to the other leadership practices examined in this paper, such as visionary transformative leadership and ethical leadership. Together, they form the basic load of essential leadership behavior, which can be cultivated in any strategic international business or military operations plan. This study looks not only at the effects of culture in international business but draws from military experts like Barnes, Doty and Myers to explain the effects of ethical leadership and culture in foreign operations.⁵

The research of selected contemporary leadership literature makes clear that good leadership and good management are not synonymous. This is true in general but is often demonstratively obvious in multi-cultural operations. Kouzes and Posner make the point that

⁵ C.M. Barnes, PhD. and LTC Joseph Doty, PhD. U.S. Army, "What Does Contemporary Science Say About Ethical Leadership?", *Army Ethic 2010, Military Review*, 90-93. <http://www.readperiodicals.com/201009/2157868321.html>

managers are often even responsible for suppressing the development of effective leadership.⁶ This is because good management practice in the home organization typically requires making and meeting clear-cut objectives within the organization. The clearer the objective is, the easier the task of management to define and measure quantifiable goal attainment becomes. The scope of good leadership in an organization, however, requires the measurement of value associated with leader attributes and their effect on organizations. When performed in a multi-cultural environment the leader attributes and the endorsement of them within a different cultural setting is significantly more challenging.

Gary Becker's economic theory on the quantification of human capital, describes the means to measure the considerable additional value generated by this effect.⁷ Becker describes the means and then provides the formula to quantify value gained from motivation of individuals resulting from their ability to visualize goals and adopt shared values of the leadership. His economic theory provides the tool to measure the results of both good management and good leadership in today's global workplace. When leaders possess the ability to motivate the work force by overcoming additional challenges imposed by cultural barriers, they add important inherent value to that organization. Thus, the practice of effective leadership in a multi-cultural organization needs to extend beyond mere quantifiable goal achievement to promote overcoming cultural perceptions, which can restrict endorsement by the organization for the leader's values.

The leader, when first placed in the international environment, cannot possibly attain the organizational goals, without first motivating an international multi-culture work force to accept

⁶ James M. Kouzes, and Barry Z. Posner. *The Leadership Challenge: How to Get Extraordinary Things Done in Organizations*, (San Francisco: Josey-Bass Publishers, 1987), xv.

⁷ Becker, Gary S. and Kevin M. Murphy, *Social Economics: Market Behavior in a Social Environment*. (Cambridge, MA. : The Belknap Press of Harvard University Press), 2000.

and share the values proposed as commitments by the organization. This requires a leader who can communicate effectively goals that are easily visualized and transferable and ultimately endorsable such that they can be shared by the multi-cultural organization. Christopher Earley defines CQ as the most critical element to effective communications in such organizations. He defines it as four dimensional, and instrumental in a leader's approach to a foreign culture. Beyond cognitive, and meta-cognitive means, the leader learns to employ motivational and behavioral means to apply cultural awareness and to modify and adapt behavior to culturally changing situations. Therefore, for leaders assigned to head operations in international arenas, cultural intelligence is essential to achieving and maintaining organizational effectiveness.

This study focuses on two significant industry studies which relatively recently analyzed leadership and cultural intelligence among the top multi-national companies operating abroad. As a base platform, the GLOBE conceptual model described in R.J. House et al "Cross-Cultural Research on Organizational Leadership," provides an empirical data base model from which the subsequent studies were able to reliably predict acceptable and non-acceptable leader behavior including the probable leadership attribute endorsement by different culture cluster groups. From the GLOBE model database in combination with the two individual follow-on studies, this study is able to investigate the effects of culture in two primary facets of transformational leadership, organizational innovation and organizational ethics. The findings in the practical study in Chapter 2 are then compared to the formal study results obtained and documented in templates of broad leadership behavioral attributes relative to cultural endorsement within different culture clusters as given in Appendix G, Table IV.

Thus the literary research provided in Chapter 1, both theory and study results, forms the grounded theory against which the author evaluates his own experiences in both global business

and military experiences in Chapter 2. The method used is a series of interviews with professionals, both business and military, with whom the author has served or been closely acquainted. The purpose is to evaluate the effect of a diverse culture on the classical leadership practices employed by leaders representing organizations coming from Western culture and interacting with locals coming from multiple regions of diverse cultures and societies.

From the theory we can conclude that in order for a leader to influence an organization's performance, the leader must first communicate a compelling vision, which is shared by all members of the organization. In this way the organization learns and is motivated to adopt that vision. To the extent that this shared vision and the resulting transformational behavior of the organization are inspired by the leader, the organization can be led to achieve extraordinary effectiveness. However, before such organizations performing global operations can achieve extraordinary results in diverse culture environments, their assigned leadership must master cultural intelligence. Without its mastery they cannot inspire the in-country organizations to attain and maintain shared goals. It is the purpose of this study to analyze leadership effectiveness in diverse cultures by comparing the theory to the practice as observed and experienced by the professionals. The findings and recommendations conclude that a brand of leadership training especially focused on pre-deployment for multi-cultural operations, be established. This training, called leadership cultural intelligence, or LCQ, is designed to instill in leaders of multi-national operations a highly effective means to extraordinary successes. LCQ, in essence, is a means to validate the central hypothesis of this thesis paper that effective leadership, when exercised within foreign cultures, requires a continuing level of cultural intelligence demonstrated by the leader and exercised over an extended time frame.

Chapter 1: Effective Leadership Theory and Cultural Intelligence

The greatness of a leader is measured by the achievements of the led. This is the ultimate test of his effectiveness.

-General Omar Bradley

Today's business and professional literature abound with information dedicated to the subject of leadership. Numerous comprehensive studies exist which address the attributes and dimensions of effective leaders. These studies analyze character traits within the context of comprehensive organizational dynamics. Effective leadership is not a quality born into leaders, but rather learned and cultivated over time. An organization, which trains its management to be effective will not automatically generate a healthy leadership culture. Indeed, what was previously thought to be good management style, employing such characteristics as consistency, thoroughness, attention to detail, dependability, timeliness, can actually suppress leadership and prevent its evolution. Good management technique prescribes making and meeting clear-cut objectives for the organization. Clear-cut objectives, which are quantifiable, make management's task routine, predictable, steady state, but fail to generate the seeds of extraordinary performance from which the organization will thrive.

A good leader must do more than supervise goal attainment. They must visualize the organizational goals and then transform the organization to accept and share those goals. The first task is to visualize the right goals for the organization. This calls for the leader's relationships in the organization to be of paramount importance. Without an established basis of trust from all in the organization this visualization step is difficult if not impossible. Although respect can be established early for many gifted leaders, it cannot be maintained without continued trust among the subordinates. For those attempting to establish trust in a new

organization, the authentic nature of the leader's personality and committed goals need be communicated often and reinforced. Ultimately, to transform the organization to accept, adopt, and share ownership in the leader's goals is a task not easily accomplished by new leaders but one essential to achieving highly effective leadership.

Kouzes and Posner characterize visionary transformational methods in their *Leadership Challenge*, first published in 1987, as “getting extraordinary things done in organizations.”⁸ Most often, effective leadership is faced with turning critical group challenges into remarkable successes. This concept, getting extraordinary things done by changing challenges to successes, encapsulates the theory. The authors are recognized as authorities on leadership and their reputation extends globally to industry and public service organizations. Their authority spans twenty-five years and their latest publication of *The Leadership Challenge* is in the fourth edition. Their works over the years have been grounded in research emanating from extensive interviews with a broad base of leaders from a wide diversity of global organizations. The purpose of their work has been to teach ordinary people that leadership is a universal quality, which is learnable and transferable as shared behavioral patterns to organizations. While Kouzes and Posner's work in the leadership practice has become an industry norm, it falls short of emphasizing the importance of cultural intelligence for leadership development in diverse cultural environments. For newly deployed ex-patriot managers and deployed American military officers, the industry experts have concluded that only with a solid understanding of the techniques and application of CQ can the assigned in-country leadership reach a level of

⁸ James M. Kouzes, and Barry Z. Posner. *The Leadership Challenge: How to Get Extraordinary Things Done in Organizations*, Ibid. xv.

extraordinary success under complex cultural conditions. For the purpose of this study, which concentrates on the effects of culture within the organization, attention need also be given to the way in which a diverse culture can respond to the leader's shared vision of extraordinary performance. Effective communications of shared values is the most important means available to leaders involved in diverse culture operations to establish their authority. Although highly desirable, mastery of the language of the foreign organization is often slow and can be ineffective. Reliance on CQ training, which incorporates mastery of idioms and habits can be rapidly learned and put to good effect when assuming a leadership position in a foreign country. This proves to be a reliable means to effectively pass the test of acceptance within an organization composed of workers who do not share the same language and culture as their leader. It should be however emphasized that a continued effort to master the host's language is essential to maintaining and growing CQ.

This first chapter is an investigation of the cost-benefit of effective leadership training by applying the economic measures developed by G.S. Becker in his work on measuring human capital. Becker's model is a way to rationalize the value to an organization of applied Visionary Transformational Leadership, (VTL), described in Kouzes and Posner's LPI measurement matrix. The values ascribed to VTL are realized as increased organizational vitality and diminished individual resistance to unit goals. Elenov and Manev and Resick, et al. have tested VTL leadership methods in industry studies and the results are displayed in tabular form in the appendices. They demonstrate predictable cultural tendencies to endorse or resist innovative and ethical leadership initiatives exhibited by various cultural societies.

1.1 Can Effective Leadership be Rationalized?

In order to establish leadership effectiveness within any culture, one must first measure its effect. The noted economist, Gary S. Becker, best known for his outstanding life's work in Social Economic theory, pioneered ways to define and measure economic value from human based qualities such as effective leadership.⁹ As in any management challenge, the litmus test for organizational effectiveness will most often be economic. Note that this thesis deals with leadership, as distinguished from management. Reference to management in the text is meant to connote the organizational authority appointed to make decisions necessary for the accomplishment of a prescribed mission. Leadership occurs when a manager is capable of inspiring the organization to rise above the prescribed mission consistently and extraordinarily by sharing a mutual vision of success with the leader. Peter Drucker, in his *Managing for the Future*, describes the manager's task, (and here he is describing a leader), as making the strengths of the individuals in the organization effective while making their weaknesses irrelevant.¹⁰ The distinction between the two is the ability to discern individual strengths and weaknesses and inspire the necessary and continuous efforts to improve in all those they are challenged to lead.

G. S. Becker's economic theory rationalizes the value of creating leadership from mere management. It is noteworthy that he achieved much in a stellar career of academics and public service. His work achieved a Nobel Prize for Economic Sciences in 1992 and he was awarded the Presidential Medal of Freedom in 2007. He is quoted to have credited Milton Friedman as being "the greatest living teacher I ever had," and his greatest influence in life. His career

⁹ Becker, Gary S. and Kevin M. Murphy, *Social Economics: Market Behavior in a Social Environment*. Ibid., 2000.

¹⁰ P.F. Drucker, *Managing for the Future: The 1990's and Beyond*, (New York: Truman Talley Books/Duften), 1992. 139.

spanned two professorships at Columbia University from 1957-1968, and the University of Chicago from 1968-2014. Notwithstanding such noteworthy acclaim in the broad field of macro-economic theory and education, he is especially recognized in scientific circles for his analytical extension of how to measure the microeconomic impact of human behavior and social interaction. This proved highly valuable as a supplement to conventional theories used to measure work productivity, because it provided a rationale to generate leadership which could motivate workers to emulate their bosses and buy in to the visionary goals prescribed by leaders. Becker's theory measured the utility of individual characteristics such as gender, race, religion, national origin, and culture as components of human capital. This theory is based on social interaction being an indirect influence on human behavior, albeit, one which could nevertheless be measured and quantified. By quantifying the positive value to an organization of its leadership, management is able to rationalize effective leadership as increased capital value.

Becker's theory can be used to measure the effect of social interaction, particularly resulting from positive influence by the leader. Effectiveness, is achieved by leaders accomplishing extraordinary results through colleagues, subordinates, and even their own managers. To measure effectiveness of leadership one can consider the product in terms of organizational energy. Energy is transmitted from the leader into the organization. High effectiveness is the result of both reduced non-productivity and increased vitality within the individuals as well as the organization as a whole. Non-productivity within the group can be attributed to the decisions or choices made by the participants on an individual basis.¹¹ When subordinates choose to follow their individual or cultural tendencies rather than accept the

¹¹ G.S. Becker, *Social Economics*, Ibid. 9-10.

leader's vision based on predictable increases in organizational vitality, inefficiency results. The effective leader must then devise and communicate the strategy and programs and processes to achieve best practice and goal attainment by the organization. Becker describes this saying that followers are motivated to emulate the leadership by adopting their vision and goals as their own. Motivation is one of several critical factors making up human capital in an organization, along with education, tenure and rank. Besides human capital, there is social capital consisting of trust and networking. Together human and social capital forms the basic assets attributable to the socio-economic value of the organization.¹²

The economic effects of interpersonal interactions are felt across the board: price of goods, labor, and capital. By measuring the social asset value of transformational leadership by the leader on the organization, higher management has a quantifiable means to justify programs and policies that enhance leadership while insuring effectiveness in economic terms. Therefore, effective results in organizational performance can be rationalized using concerted measures to recognize and train cultural intelligence techniques and behavior in leader candidates selected for overseas assignments.

1.2 Using the LPI to Identify Potential Leaders

No one better than Kouzes and Posner, in their twenty-five year development program of leadership theory and practice, has demonstrated an empirical basis for assessing the value of

¹² Ibid. 9-10.

visionary transformational leadership technique. Their contribution to the science of leadership development has been the system they call Leadership Practices Inventory (LPI). It is a quantitative indicator developed over twenty-five years designed to measure and identify leadership potential. It is, in effect, a leadership effectiveness scale used to interview participants within the manager's organization to determine the subject manager's effectiveness in meeting job-related needs of subordinates, whether they have built a committed work group, and whether they have influence with upper management. The model construct is built on analyzing a leader's ability to influence an extraordinary result in an organization. The manager is asked to recount an event where they performed a personal best in achieving extraordinary success through his organization by responding to a data inventory consisting of five practices each influenced by six factors, or thirty total measurable outcomes. The survey is in the form of thirty statements which in total comprises a leader profile. Leaders are surveyed both from self-generated answers as well as from others -generated data. The LPI surveys are of a highly quantitative nature with high levels of predictability using known and tested statistical variance procedures (see Appendix A: LPI).¹³ The following table is a summary of the descriptive practices and commitments by leaders to achieve extraordinary success:

Table 1.2 The Five Practices and Ten Commitments of Leadership.

<u>Practice</u>	<u>Commitment</u>
Model the Way	1. Clarify values by finding your voice and affirming shared ideals.

¹³ J. M. Kouzes and Barry M. Posner. *The Leadership Challenge, 4th Edition*, (John V. Wiley & Sons: 2007), 309-313.

	2. Set the example by aligning actions with shared values.
Inspire a Shared Vision	3. Envision the future by imagining exciting and ennobling possibilities.
	4. Enlist others in a common vision by appealing to shared aspirations.
Challenge the Process	5. Search for opportunities by seizing the initiative and by looking forward for innovative ways to improve.
	6. Experiment and take risks by constantly generating small wins and learning from experience.
Enable Others to Act	7. Foster collaboration by building trust and facilitating relationships.
	8. Strengthen others by increasing self-determination and developing competence.
Encourage the Heart	9. Recognize contributions by showing appreciation for individual excellence.
	10. Celebrate the values and victories by creating a spirit of community.

Over time the LPI has proven to be invaluable as an empirical measure for evaluating leaders. This is largely in keeping with the requirement to hold leader evaluations to a quantifiable standard particularly when making assignment and deployment decisions within an organization. LPI scale evaluations have consistently proven to produce greater than fifty percent success in describing effective leader behavior relative in managers in accordance with the Five Practices of Exemplary Leadership and the Ten Commitments or Strategies of

Leadership shown on the previous page.¹⁴ LPI methods and application provide management with a systematic and effective way to identify leadership potential and train leader candidates to head overseas operations.

1.3 Leadership Transformation and Shared Values.

A closer look at Table 1.2, on the previous pages, illustrates the priority of modeling the way and inspiring a shared vision between the leader and the organization. They are the first two and most basic steps in the LPI method to characterize a charismatic leadership style. The table ascribes four committed actions to these steps: clarifying values, setting example, envisioning the future, and enlisting others in a common vision. Such behavior by leaders is commonly referred to as visionary transformational leadership (VTL) and it has been broadly espoused in a host of leadership literature starting with J. M. Burns' *Leadership* (1978). B.M. Bass later defines VTL in his formative works beginning with *Leadership and Performance Beyond Expectations* (1985), followed by *A New Paradigm of Leadership: An Inquiry into Transformational Leadership* (1996), and *Transformational Leadership : Industry, Military, and Educational Impact* (1998) as a concept to induce followers to transcend their self-interests in the interests of the organization.¹⁵ R. Pillai, C. Schriesheim, and E. Williams (1999), go on to say that VTL will greatly augment a leader's effectiveness and power to lead within an organization because of its

¹⁴ Ibid. 26.

¹⁵ Detelin S. Elenkov, and Ivan M. Manev, "Senior expatriate leadership's effects on innovation and the role of cultural intelligence", *Journal of World Business*, 44 (2009): 358.

<http://www.sciencedirect.com/science/article/pii/S1090951608000746>.

significant impact on perceived trust in the leader and job satisfaction and commitment from the followers.¹⁶

It becomes clear that effectiveness from leadership where high performance ideals and goals are sought is then a function of relationship more than process. Rigid management procedures require continuous and active supervision and the application of consistent disciplinary measures. In contrast, the relationship between leader and follower should be built on values visualized by the leader and transformed as well as synchronized within the group. Shared values and trust within the group can be viewed as the primary energy source for the organization to transfer a leader's power to the individuals. This power is in turn converted into increased vitality in the work force. This is the model promoted by Kouzes and Posner in *The Leadership Challenge* (1987). From their research examining 2300 managers across the United States from a wide array of industries in both public and private enterprise and at all levels of management, they conclude that a leader's efforts to clarify and articulate personal values have a significant payoff for both manager and organization. This is demonstrated in the following summary of benefits of shared values:

- Foster strong feelings of personal effectiveness.
- Promote high levels of company loyalty.
- Facilitate consensus about key organization goals and stakeholders.
- Encourage ethical behavior.
- Promote strong norms about working hard and caring.
- Reduce levels of job stress and tension.¹⁷

¹⁶ Ibid.

¹⁷ J.M. Kouzes, and B. Z. Posner: *How to Get Extraordinary Things Done in Organizations*, 1987. Ibid. 193.

The reasons for the increased effectiveness are straightforward. The individual workers are infused with a higher vitality level to accomplish goal-oriented work and avoid non-productive losses. Subordinates left to their own devices will waste time trying to figure out what they are supposed to be doing. Enormous productive energy losses accrue as a result of disputing incompatible values in the organization. Rather, high productivity will follow from compatibility in the work place—helping to eliminate high work stress. High vitality within the organization can be further increased by the leader’s efforts optimizing certain vitality factors such as:

- Clarity - Insure full and complete understanding of the leader’s organizational values.
- Consensus- Work to reach full agreement from all on those values.
- Intensity- Strongly endorse the worthiness of the values.¹⁸

Kouzes’ and Posner’s study of the tested factors showing the impacts of shared values in highly effective leadership cases demonstrate the relative strengths of those factors.¹⁹ The various factors found will either promote or restrain positive or negative work habits in any organization. The authors emphasize that different types of organizations will have different shared values depending upon their makeup and mission. For this reason, the aforementioned vitality factors, clarity, consensus, and intensity need be universally accepted in all organizations, regardless of mission, type, and cultural makeup. This then requires that attention be given to the way in which a diverse culture can respond to the leader’s shared vision of extraordinary performance.

Two-way communications between leader and subordinate form the bedrock to achieving clarity, consensus, and intensity. In Peter Drucker’s work, *Managing for the Future: The 1990s*

¹⁸ Ibid.195.

¹⁹ Ibid.194.

and Beyond (1992), he emphasizes the role of the subordinate: “The subordinate’s job is not to reform or reeducate the boss, not to make him conform to what the business schools or the management book says bosses should be like. It is to enable a particular boss to perform as a unique individual.”²⁰ Transformational leadership depends on good communication between the leader and the subordinate and good communication requires active receiving of information as well as transmitting. This is not possible without a well-developed capacity for listening to subordinates as well as all valuable sources of input concerning the operational environment. Lyman K. Steil and R. K. Bommelje, in their *Listening Leaders* (2004), emphasize the necessity of the leader to take a minimum of fifty-one percent responsibility in sharing values within the group in order to transform the organization’s values.²¹ They make clear that full responsibility may indeed be required initially to begin the process of two-way effective communications. Eventually the goal is to achieve a balanced basis where leader and subordinate share equally in their goal of maintaining effective communications.

The communication of shared values is the most important task facing leaders involved in diverse culture operations. Without an acquired sense of cultural intelligence the leader will fail to provide visionary transformation of the organizational goals down to the members. A paramount leader requirement then is to perceive, interpret, and understand the purpose of the organization and how it impacts each of the individuals involved. This is only possible when leaders are trained and made aware of the social and cultural ramifications existing within the organization and society applicable. A critical behavioral attribute for good listening skills is the

²⁰ Peter F. Drucker, *Managing for the Future: The 1990s and Beyond* (New York: Truman Talley Books/Dutton ,1992) 138.

²¹ Dr. Lyman K. Steil, and Dr. Richard K. Bommelje, *Listening Leaders: The Ten Golden Rules to Listen, Lead and Succeed*, (Edina, MN: Beavers Pond Press, 2004), 105.

ability to socialize effectively within the organization. Bommelje describes the socializing process as being able to read and understand the full human dimensions, or culture of the group with which one communicates. To be sure, a proper socialization process is doubly complex when exercised within foreign cultures, making the leader's development of a high sense of cultural intelligence mandatory. Socialization, when effective, allows the leader entrance into the inner sanctum of trust where value sharing and commitment needs to take hold. It forms a part of the full leadership dynamic, which if performed correctly composes and enhances the quality of being a listening leader.²²

1.4 Organizational Innovation in Foreign Operations: The EU Study

The growth of global business activities has led to the evolution of multi-national corporations (MNCs) with which predominate world trade activities, some even exceeding sovereign nations in economic footprint.²³ MNCs typically manage global operations by selecting highly competent managers from the parent office and transferring them to the foreign subsidiary to lead as expatriate managers. This is often done initially to establish a strong and reliable communications channel in the early startup or transformative stages of a subsidiary or joint venture operation. The expatriate managers are usually established as directors and CEOs of the foreign operations and have responsibility for the complete span of operations, extending across production, engineering, marketing and sales. The communication task is critical, needing to link base business units of both parent and joint ventures as well as the already established enterprise and its market environment in the foreign locations. In a startup or new takeover operation, there often exists a heightened concentration of management attention from the parent

²² R.K. Bommelje, *Listening Pays*, (Orlando, FL.: Leadership and Listening Institute, 2013), 78.

²³ Note that 47/100 of the largest economies are nation states, leaving the balance, or 53/100 as MNCs. G. Melloan, "Feeling the Muscle of the Multi-Nationals", *Wall Street Journal*, 6 Jan, 2004.

organizations to become operational and to establish the anticipated road map to success. Today, more than ever, MNCs depend on organizational innovation to establish growth and penetrate new or expanded market segments. This is because sustained innovation has been shown to be one of the most powerful sources of competitive advantage for any enterprise, both established and startup. Particularly true for foreign operations in diverse culture environments, innovation provides a critical steppingstone for the business to quickly reach projected performance and sustained innovation insures continued performance improvement. The senior expatriate manager's greatest challenge in this regard is to instill a business culture in the foreign operation which can establish innovation by encouraging experimentation, fostering collaboration, and setting up successful innovation as the positive example for the organization to follow.²⁴

The authors Elenkov and Manev in their paper on leadership effects on innovation and the role of cultural intelligence (2008) conclude that visionary transformational leadership from the senior management in an organization can foster organizational innovation in foreign and diverse cultures. However, the effect is moderated by the cultural intelligence (CQ) capacity of the senior management and the type of organizational innovation achieved in the organization. Simply, CQ refers to the ability in a leader to perceive the unfamiliar characteristics of a culture and then adapt a leadership style accordingly. It is an art directly affecting organizational effectiveness, a correlation fundamental to the hypothesis of this paper.

Research in recent years has identified two levels of innovation as applied to business models, product-market innovation and organizational innovation (Elenkov and Manev, 2005 and Hoffman and Hegarty, 1993). Product-marketing innovation involves business activities such as introducing new product design, entering new markets, and launching new promotional

²⁴ Detelin S. Elenkov, and Ivan M. Manev, Ibid. 357-9.

programs. Organizational innovation refers to the introduction of different organizational structures and processes to achieve higher levels of momentum and efficiency. Elenkov's and Manev's study finds that cultural intelligence moderates the effect of senior expatriates' leadership on organizational innovation, but not on product-market innovation.²⁵ What this means is that leaders had little difficulty influencing their organizations to adopt innovative methods and products for their indigenous markets, but their organizations were more culturally resistive to adopting an innovative approach to organizational development.

The survey data from 27 European Union countries provide a broad economic base of 495 million people with a GDP of 11.6 trillion Euros.²⁶ In summary, this study, also called the EU Study, drew substantially from the already existing GLOBE Study, which is a macro level definitive study representing the most comprehensive investigation to date of the cultural variables affecting leadership at multiple levels of societies and organizations. The EU Study extends and compliments the GLOBE Study at a micro level focusing on individual and organizational levels (see Appendices B: GLOBE Study and C: EU Study). The study involved 153 expatriate managers and 695 subsidiary managers from twenty-seven EU member countries. This base tested the importance of managers' abilities to transcend cultural differences attributed to CQ and was aimed primarily at subsidiaries of multinational corporations headed by senior expatriate managers in foreign countries. The study concentrated on a specific leadership style: charismatic/value-based leadership, from the twenty-three styles investigated by GLOBE to foster performance. The key determinate of business performance tested was sustained innovation because of its recognized competitive advantage in achieving effective performance.

²⁵ Ibid. 357.

²⁶ Eurostat Yearbook 2008, [http://epp.eurostat.ec.europa.eu/cache/ITYOFF-PUB/KS pp. 25,100,\(accessed Aug. 27,2008\)](http://epp.eurostat.ec.europa.eu/cache/ITYOFF-PUB/KS pp. 25,100,(accessed Aug. 27,2008)), Elenkov and Manev.

The significant use of grounded research methods in the EU study provides the basis for leadership attribute and effect analysis. The GLOBE study likewise provides the particular analysis of different leadership attribute recognition and endorsement by cultural clusters defined in that study. Together they provide the basis from which the analysis performed on multiple leadership examples in the interviews conducted in Chapter 2 of this paper are performed. Further, the combined data sources of the EU and GLOBE studies provide a grounded database from which a qualitative profile of leadership styles and CQ effects can be analyzed from the interview findings in Chapter 2. The results provide a guide for management to pursue structured means of instilling CQ in the expatriate leadership it deploys to its foreign operation bases.

1.5 Ethical Values and Leadership: The Resick et al. Study

John Adams is quoted to have said: “The essence of a republic is a virtuous citizenry who demands virtuous leaders.” In essence, virtue is a people dimension and leadership has always been people focused rather than process focused. Twentieth Century management theory developed by Drucker (1992), largely concentrated on measured objectives and carefully supervised process specifications to meet managed organizational goals.²⁷ Later, experts in this field however, recognize that carefully supervised work processes would eventually suppress rather than develop the leadership required to accomplish extraordinary results with ordinary people.²⁸ The rise of the multi-national corporations introduced new and challenging hurdles for aspiring leaders sent out to global postings. They faced the prospect of transforming a foreign-

²⁷ P.F. Drucker, *Managing for the Future: The 1990's and Beyond*, Ibid. 138.

²⁸ James M. Kouzes, and Barry Z. Posner, *The Leadership Challenge: How to Get Extraordinary Things Done in Organizations*, Ibid. xv.

based organization to follow and adopt their own values of higher performance when the cultural values of the organization and the business environments were not similar but largely different than their own. Increasingly, traditional standards of higher performance had in themselves become more complex by taking on the additional requirements of meeting ethical standards which were often culturally complicated depending on the societal mores of the working environments. Multi-national operations, both business and military, have had to endure difficult lessons when it came to recognizing, applying, and complying with the sometime vague standards of multi-cultural or global ethics. One cannot easily ignore the financial catastrophe with which beset the MNCs ENRON and World Com when their leadership failed to uphold ethical behavior in those organizations. As in the case of the U.S. Department of Justice's and U.S. Securities and Exchange Commission's Federal Corrupt Practices Act, government oversight, long in place and at a high profile and cost to American enterprises operating overseas, is not enough to insure ethical behavioral responsibilities are met in every instance by expatriate American leaders.²⁹ The War on Global Terror has presented complex problems involving multi-national perceptions of ethical behavior for U.S. and NATO forces in the employment of defense measures with which are not globally acknowledged or backed up by conventional treaties such as the United Nations or the Geneva Convention. The conclusion regarding the necessity of leadership ethics particularly in the global context is that they form an indispensable compliment to effective operational behavior.

Christian Resick et al., in their paper "A Cross-Cultural Examination of the Endorsement of Ethical Leadership," cite J. Ciulla's definition of ethical leadership as "leading in a manner

²⁹ G. Melloan, WSJ. Jan. 2004, Ibid.

that respects the rights and dignity of others.”³⁰ They are quick to note that there is scarce research—only two literary sources to their knowledge—, which, empirically examine ethical leadership.³¹ This may be because ethical behavior in leaders is not only seen as a “sticky wicket” in many societies, but the predominant writers to date have chosen to limit their research to business practices based on Western society theories, practices and viewpoints. If not exclusively Western, basic research has not ventured outside of the home culture clusters of the writers. Both the EU study by Elenkov and Maniv, and that of Resick et al. on ethics, draw heavily from the GLOBE study, which was previously described as a macro-level definitive study representing the most comprehensive investigation to date of the cultural variables affecting leadership at multiple levels of societies and organizations (see Appendices B and C). With the comprehensive authority of the GLOBE study data as a grounded database as well as rigorous attention to equivalence test procedures, Resick et al. attempt to provide a certain alignment of perspectives of what constitutes ethical leadership across cultures. From their theoretical conceptualization, they offer a form of ethical leadership, which they call a variform universal concept. The results take the form of a series of tables showing the relative endorsement of ethical dimensions of behavior by the various cultural clusters defined in the GLOBE study.³² This is presented in detail in the tables provided in Appendices E, F, and G.

³⁰ J. Ciulla, “Is Good Leadership Contrary to Human Nature?”, *Presentation at the Gallup Leadership Institute Summit*, Lincoln, NE. 2004.

³¹ They cite : L.K. Trevinyo, M. Brown and L.P. Hartman, 2003, “ A qualitative Investigation of Perceived Executive Ethical Leadership: Perceptions from Inside and Outside the Executive Suite”, *Human Relations* 56(1), 5-31. and M. E. Brown, L.K. Trevinyo and D.A. Harrison, 2005, “Ethical Leadership: A Social Learning Perspective for Construct Development and Testing”, *Organizational Behavior and Human Decision Processes*, 97, 117-134.

³² Christian Resick, Paul J. Hanges, M.W. Dickinson, J.K. Mitchelson. (2006).” A Cross-Cultural Examination of the Endorsement of Ethical Leadership”, *Journal of Business Ethics*, 63: 345-359 DOI 10.007/s 10551-005-3242-1.

Defining a variform universal concept of ethical leadership behavior is an ambitious endeavor wholly necessary to select and prepare an expatriate manager for leadership responsibility in a host country. Consider the difficulty posed for the leader to perform in an extraordinary manner by influencing local culture subordinates to accept and follow a shared vision or model for the organization, where the ethics and norms of the host country and that of the leader tend to conflict. To succeed the leader must initially stick to hyper-norms of conduct, which are fundamental to the organization's purpose and thus readily endorsed by the indigenous individuals within the host country. Examples might be the physical security of the workers and the indigenous residents affected by operations and contact with the organization. Another is the strong endorsement of the leader for non-toleration of deception in dealings or communications.³³ Such hyper-norms will establish an early and significant basis for a company policy of ethical conduct, which can be disseminated down to all employees as policy.

In the study by Resick et al., they research the balance of available leadership literature and identify six key attributes of ethical leadership with the following definitions:³⁴

- Character and Integrity: the pattern of intentions, inclinations, and virtues.³⁵
- Ethical Awareness: the capacity to perceive and be sensitive to relevant moral issues that deserve consideration in making choices that will have a significant impact on others.³⁶
- Altruism (community and people awareness): serving the greater good.³⁷

³³ Ibid. 356.

³⁴ Ibid. 346.

³⁵ J.A. Petrick and J.F. Quinn, *Management Ethics: Integrity at Work*, (Sage Series in Business Ethics, Thousand Oaks, CA., 1991), 51.

³⁶ Ibid. 89.

³⁷ L.K. Trevinyo, M. Brown, and L.P. Hartman, (2003), "A Qualitative Investigation of Perceived Executive Ethical Leadership: Perceptions from Inside and Outside the Executive Suite", *Human Relations* 56(1), 5-37.

- Motivation: inspiring, stimulating and visionary leader behavior that make up transformational and charismatic leadership.³⁸
- Encouragement and Empowerment: providing a sense of personal competence that allows self-sufficiency in others.³⁹
- Management of Ethical Accountability: setting standards and expectations of ethical conduct.⁴⁰

With the application of equivalence methods standard to the statistical sciences applied to the questionnaire results from their study (see Appendix D), while still using the existing data characterization of the GLOBE study analysis, they are able to validate this list as suitable for global standards. They noted that considerable variation can exist between cultures and societies as to how much consideration is given to the criticality of ethical leadership behavior as compared to the other leadership attributes such as fostering innovation in an organization. Therefore it was entirely necessary to evaluate the measurement equivalence of the questionnaire data, and to perform proper measurement equivalence and variance analysis prior to making comparisons of various cultural cluster groups (see Appendix: Data Terms and Definitions). This is primarily because it is common that business practices followed in one culture cluster may conflict with a code of ethics or standards of practices applied within another. The conflict

³⁸ M. E. Brown, L.K. Treviño and D.A. Harrison, (2005), “Ethical Leadership: A Social Learning Perspective for Construct Development and Testing”, *Organizational Behavior and Human Decision Processes*, 97, 117-134.

³⁹ B.M. Bass and P. Steidlmeier, “Ethics, Character, and Authentic Transformational Leadership Behavior”, *The Leadership Quarterly* 10, (1999), 181-217.

⁴⁰ L.K. Trevino, Ibid. 5-37.

may easily be attributed to cultural interpretation of the questions in the questionnaire rather than any true differences of endorsement attributable to a culture cluster.⁴¹

From the data the authors are able to support the following findings regarding the attributes of ethical leadership:

- Four attributes are universally supported.
- Four attributes appear to contribute to effective leadership across cultures.
- The various culture clusters differed in the degree of endorsement.

The four components of ethical leadership found as attributes universally supported and contributing to effective leadership are character and integrity, altruism, motivation, and encouragement and empowering.⁴² In general, they represent a variform universal of leadership behavior, which exists when viewed globally. However, the four attributes, when applied in different culture groupings, are subject to different cultural subtleties, which may have an effect on how organizations react to leader behavior.⁴³ The study construct, showing the effect of cultural endorsement on these four leadership attributes defined in the Resick et al. study, forms the basis for comparisons between theory and practical experiences of the selected interviewees highlighting the criticality of CQ to leadership in foreign cultures.

The-in depth findings of the Resick et al. study show the impact of cultural setting on the endorsement of ethical leadership expressed as high, medium or low mean values. The four

⁴¹ R.J. Vandenberg and C.E. Lance, "A Review and Synthesis of the Measurement Invariance Literature: Suggestions, Practices, and Recommendations for Organizational Research," *Organizational Research Methods*, 3(2000), 4-69.

⁴² Note that of the six key attributes of ethical leadership in this study, two, awareness and managing ethical accountability, are considered essential to the development and execution of ethical leadership, however, these dimensions were not measurable within the construct model established by Resick et al.

⁴³ P.J. Hanges, R.G. Lord and M. W. Dickson, "An information processing perspective on leadership and culture: A case for connectionist architecture", *Applied Psychology: An International Review*, 49, (2000), 133-161.

primary leadership attributes are analyzed by culture cluster, defined in GLOBE.⁴⁴ Regarding the character and integrity dimension, the highest-level mid-range value of 6.40 is found for Nordic European society respondents (see Appendix G: Table IV).⁴⁵ This is not surprising considering the consistency with which countries such as Finland and Sweden rank among the countries with the lowest level of corruption as indicated by Transparency International Corruption Perception Index, (CPI).⁴⁶ A lesser degree of endorsement is found for the Middle Eastern cluster respondents, which placed in the lower M range at 5.65. This is attributed by the authors to the tendency of Middle Eastern people to assign a high importance to saving face in social transactions. This tendency typically extends to all transactions, be it among peers, management or subordinates and it is often characterized as a zealous preservation of status in an organizational hierarchy.

Regarding the attribute of altruism, Southeast Asian societies demonstrated the highest ranking of M range 5.16. According to Gupta and Hanges, the dimension of altruism in leaders is tied to a strong sense of group loyalty and pride in addition to a tendency for humane benevolence.⁴⁷ The expectation is that leaders are most effective when they exhibit fraternal generosity within the organization. To a lesser degree, both the Latin and Nordic European societies were less disposed to strongly endorse altruism as an important consideration for

⁴⁴ C. J. Resick,, Paul J. Hanges, Marcus N. Dickson, J. K. Mitchelsen, “ A Cross-Cultural Examination of the Endorsement of Ethical Leadership”, *Journal of Business Ethics*, Springer, 2006. 350-3.
www.jstor.org/stable/25123717.

⁴⁵ See Appendix G. Table IV. , Ranking of societal cultural clusters based on endorsement of each dimension of ethical leadership. C.J. Resick et al. 353.

⁴⁶ *Transparency International Corruptions Perceptions Index*, (Transparency International Germany, 2001), Ibid. 354.

⁴⁷ V. Gupta and P.J. Hanges: 2004, “Regional and Climate Clustering of Society Clusters” and R.J. House, Pp. Hanges, M. Javidian, P.W. Dorfman, and V. Gupta, editors, “Culture, Leadership and Organizations”(The GLOBE Study of 62 Societies), 9-26.

effective leadership (Both ranked in the lowest M Range at 4.29 and 4.23, respectively). Here, Latin Europeans tend to be less humane-oriented while Nordic Europeans less disposed to exhibit group pride and loyalty.

Character, integrity, and altruism are all dimensions of cognitive behavior, which form ethical standards in a leader. Collective motivation and encouragement are practices demonstrated by a leader in an organization, which are directed to his subordinates and based on ethical principles. Collective motivation is demonstrated by communication, team building, and motive arousing (inspirational, dynamic, and enthusiastic leadership), using expressive communication and open displays of emotion.⁴⁸ Both Latin American and Anglo societies scored higher ratings in endorsement of collective motivation and encouragement or empowerment, 6.27 and 6.32 M range respectively. The Anglo societies are a cluster of countries predominately derived from British colonies while Latin American countries are similarly offshoots of European colonialism in the Western Hemisphere.⁴⁹ The Anglo societies in particular tend to have and practice group consensus including participative decision making processes. This in itself complicates matters for expatriate leaders attempting to understand and work through the decision making process to effect quick and clear decisions backed up by responsible managers in the host country. If forced to seek a consensus from a committee management system in a host country, the effort and time required can be extensive.

Collective motivation practices by leaders are notably less endorsed by Confucian Asian societies where efforts by the expatriate leader to build up confidence or arouse motivation in

⁴⁸ M.W. Dickson, D.N. Dentharto and J. K. Mitchelson, 2003, "Research on Leadership in a Cross Culture Context: Making Progress, and Raising New Questions" *The Leadership Quarterly*, 14,(2003), 729-768.

⁴⁹ See Appendix F. Table II, Resick et al, Societies included in this study grouped by Cluster Membership, 352.

Asian management will be generally resisted.⁵⁰ Such efforts by aggressive expatriate leaders with their Asian counterparts or host country subordinates will not be understood or viewed favorably because of the Asian's predisposition to follow management directives without question. This effect is even more pronounced in Middle Eastern societies (5.53 and 5.57 M range). In these cultures, the concept of power distance, defined as the "degree to which members of an organization or society expect and agree that power should be shared equally", will establish the hierarchical distance in an organization attributable to the boss's decision-making power.⁵¹ This can also be described as the degree of shared decision power in an organization.

Belief in what constitutes ethical leadership in such societies is complicated by the higher level of power distance attributed to exacting values within Islam. Centralized top-down management exercised inflexibly is the rule and in such cultures. Sharia, or the moral codes derived from interpretation of prophetic writings in the Koran, replaces any secular laws. Local management is highly resistant to shared or consensus decision-making because of a high need to save face prevalent in that culture. Leaders from the outside, either expatriate businessmen or deployed military officers and advisors, may find themselves competing with local leaders. In such cases the local leader will not suffer the risk of losing face within the community where judgment or actions are questioned, and once openly questioned, could face a tarnished reputation often considered irreparable.

⁵⁰ Appendix G. Table IV, Endorsement rankings were Collective Motivation and Encouragement rank 5.78 and 6.04 M Range vs. 6.32 and 6.43 M Ranges for Anglo and Nordic European societies.

⁵¹ R. House, M. Javidan, P. Hages, and P. Dorfman, "Understanding Cultures and Implicit leadership theories across the Globe", *Journal of World Business* 37 (2002), 3-10.

<http://www.sciencedirect.com/science/article/pii/S1090951601000694>.

It is important to note that considerable variability will exist between different culture clusters where similar societies are grouped together in a common cultural cluster.⁵² This is critical to consider when attempting to create and publish policy norms meant for broad international deployment applications within the MNCs. The practice is often not effective without designing the broad policy directives to allow individual tailored country codes of conduct insuring the sub policy avoids conflict with broader company hyper-norms. These practices apply equally well in the military operations context.

1.6 Ethical Values Applied to Military Leadership

Not only MNCs have had to face hard lessons in ethical leadership on the global front, but America's armed forces as well. Recent failures of military leadership to provide the right command climate for their soldiers to operate have been the subject of scandals such as Abu Ghraib Prison in Iraq as well as the incidents at Bagram Airbase and Mahmudiya in Afghanistan.⁵³ In these cases especially, the bad decisions and actions of government professionals and common soldiers were linked to failures in the command structure to communicate and enforce ethical conduct by their leadership. Like their multi-national business counterparts, the military leaders of today teach authentic, transformational leadership with an emphasis on ethical behavior demonstrated by the leaders and followed by the troops. Barnes and Doty in their article "What Does Contemporary Science Say About Ethical Leadership?," define ethical leadership as a "demonstration of appropriate conduct through personal actions

⁵² See Appendix F., Table II, Ibid. 351.

⁵³ In the cases at Bagram Air Base in Afghanistan and then Abu Ghraib Prison in Iraq between 2002 and March 2003, U.S. Army and CIA personnel (at Abu Ghraib) were charged and later convicted of dereliction of duty and assault and battery and involuntary manslaughter committed against detainees. In the case of Mahmudiya in Afghan in 2006, soldiers were charged and later convicted of gang rape and killing a teenage victim and her family.

and relationships and the promotion of such conduct to subordinates through two-way communication, reinforcement, and decision-making.”⁵⁴

They break down the process into three components, beginning with credible and authentic behavior by the leader. To be seen as credible and authentic, leaders must consistently demonstrate unselfish and upright behavior. The process is ongoing, because subordinates are continuously evaluating their leaders so that a temporary lapse in standards by the leadership will transmit unauthentic and not credible standards in the organization. Second, the leader must do more than give lip service to ethical standards, but continue to emphasize and demonstrate “the talk and the walk” down through his organization. Thirdly, the leader must create an ethical command climate in the organization based on consistent application of reward and punishment administration throughout the organization. Soldiers are trained to be doers and implicitly understand the consequences of their actions without the necessity to depend on what is written in policy directives posted in the Company orderly rooms. Finally, in addition to the reward and punishment policies, the leader must insure the climate is reinforced by two-way communications. The leader must pass the guidance down and be there to listen to the troops and encourage them to pass their concerns up.

These lessons, espoused by Barnes and Doty, are not new to military leadership practice and are common subjects in most military officer training schools. However, their relevance is increasingly significant to the success or failure of multi-national force deployments and military operations worldwide. The relevant task for military leaders today is to insure that the leadership ethics are applied and received in a multi-cultural context. This is the area where solid CQ

⁵⁴ Ibid. 90.

methods must be learned and applied in order to avoid such mistakes as Abu Ghraib Prison in Iraq, and the incidents at Bagram Airbase and Mahmudiya in Afghanistan.

Research does show that the exercise of command leadership as a source of power in the organization has a direct effect throughout the military organization. Mayer et al. in their paper “How does Ethical Leadership Flow? Test of a Trickle Down Model,” concludes that the higher the leadership position in an organization, the more effective the message is at penetrating the organization. This includes even the front-line troops where stress and emotion are highest, and often even combat essential messages are at risk of being misunderstood.⁵⁵ Mayer’s study shows that troops tend to pay greater attention to messages from the higher-ranking officers; their words are important, but their actions and examples often carried greater significance.⁵⁶ The ill effects of bad decisions by soldiers thrust into combat or stressful situations thus can be directly attributed, in part, to the messages they continue to receive from all levels of the chain of command and especially from the top levels. A properly executed command climate that emphasizes continuously with word and example is the best guard to prevent incidents such as Al Mahmudiya, Al Ghraib, and others. The Army leaders responsible for strengthening the organization against such failures must understand the operational contexts of each failure and especially concentrate on the leadership cultural intelligence factors and dynamics involved. It is not enough to focus on what happened but rather why such failures can happen and how to anticipate and prevent their occurrence. This can be achieved when military officers are subjected to comprehensive CQ training and awareness prior to deploying to assigned foreign area of operations.

⁵⁵ D.M. Mayer, et al., *Organizational Behavior and Human Decision Processes*, 108(2009): 1-13.

⁵⁶ Ibid.

1.7 Leadership Cultural Intelligence (LCQ)

Comprehensive training of managers in the art of leadership, whether in military or commercial applications, is generally viewed as a long-term process most often left to direct experience or on-the-job training, (OJT). Management rarely can afford the luxury of extensive training for leadership candidates before active deployment. There have been noteworthy examples to the contrary, as in the Vietnam War era when the Soviet leadership showed a mastery of agent training in Vietnamese language, social awareness, and cultural intelligence. They proved highly effective in their efforts to support the Vietnamese resistance leading to the ultimate demise of the Diem regime in the south. Their tactics were largely acknowledged as superior to American counter-efforts, which overlooked culture and language for political expediency.⁵⁷ Today, management requires more than ideological incentive and relies on economic justification to invest in comprehensive CQ training.

G.S Becker, in *Social Economics*, points to the strength and value of what he terms social forces, or the complimentary nature and preference of social factors, which contribute directly to the classical concept of economic utility. The economic value of these factors can be measured just as in any economic analysis using the classical economic utility equation, $U=U(x, y: S)$.⁵⁸ He contends that S has a direct effect on the level of utility by increasing the demand for x and y, goods and services, and thus the marginal utility, if not the absolute utility of U. In this case, the social force might be the parameter of cultural intelligence of leadership in foreign culture environments and its utility to business operations in those environments can be readily

⁵⁷ Wm. J. Lederer and Eugene Burdick, *The Ugly American*, (New York: W.W. Norton and Company, 1958.) 10-43...

⁵⁸ In the formula, x and y are goods and services of all kinds, S represents social influences on utility stocks of social capital. G.S. Becker, Ibid. 9.

measured and evaluated as goods and services. Becker contends that a strong measure of economic utility is an effective technical means to justify the incorporation of leadership cultural intelligence, or LCQ, into an overseas business and operational strategy. It is complementary to the other leadership practices such as visionary transformative leadership and ethical leadership discussed above. Together they form the basic load of essential leadership behavior, which should be cultivated in any strategic international business or military operations plan.

What exactly is meant by leadership cultural intelligence, or LCQ? Peterson defines it as the “capability for successful adaptation to unfamiliar settings attributable to cultural context.”⁵⁹ It is referred to in the literature of leadership psychology and practice as one of multiple facets of intelligence necessary for leadership in general. The two, which are relevant to understanding LCQ, are emotional and social intelligence.⁶⁰ Emotional intelligence is the ability to know and manage one’s own emotions, motivate oneself, recognize emotion in others, and handle relationships. Social intelligence is the ability to understand the feelings, thoughts, and behaviors in interpersonal relations and to act appropriately on the basis of this understanding.⁶¹ These facets are important in all forms of leadership and presuppose a shared cultural setting between leader and follower. Cultural intelligence in leaders becomes necessary when the environmental setting consists of diverse cultures.

Christopher Early and Soon Ang are recognized experts in leadership cultural intelligence, LCQ. They break it down into four dimensions:

⁵⁹ B. Peterson, *Cultural Intelligence*. (Yarmouth, ME: Intercultural Press, 2004), and D.C. Thomas & Inkson, K. (2004), *Cultural Intelligence: People Skills for Global Business*.

⁶⁰ H. Gardner.(1993), *Multiple Intelligences : The Theory in Practice*. , D.S. Elenkov, and I.B. Manev, “senior expatriate leadership’s effects on innovation and the role of cultural intelligence”, *Journal of World Business*, Ibid. 360.

⁶¹ D.S. Elenkov, and I.B. Manev, Ibid. 360.

1. Cognitive: the specific knowledge to gain and understand about a new culture based on early clues provided.
2. Meta-cognitive: the cultural awareness and ability to access and analyze one's own perception, thinking, and interpretation.
3. Motivational: the inner drive and determination to learn about cultural differences and to act on that knowledge.
4. Behavioral: the sensitivity to changing conditions within a multi-cultural environment and the flexibility to modify behavior accordingly.⁶²

These dimensions ideally should become second nature to expatriate managers assigned to leadership positions in new demanding posts in foreign countries assuming they come properly prepared and sensitized to the cultures with which they will be dealing. To motivate the host workers they are to lead first requires establishment of oneself as a role model for the new organization. LCQ is necessary to quickly grasp meanings from the culture clues perceived and to adapt actions accordingly. As soon as one is able to master the dominant values of the foreign culture the sooner they are able to promote organizational cooperation and eventually effective teamwork. Upon acquiring a solid understanding of the critical cultural differences and their effect on organizational roles, the new leader will be prepared to assign culturally appropriate roles and responsibilities as well as take culturally appropriate effective actions.

In truth, the optimum results only occur after a period of suspended judgment by the new leader in the new environment. LCQ is directly related to the specificity of the cultural environment. A homogeneous culture is understood and can be assimilated more quickly. A heterogeneous society requires a longer "getting acquainted" period. Critics of the cultural

⁶² P. C. Earley and Soon Ang, *Ibid.* 34.

intelligence methods and training will point out that culture traits and values are relative and cannot be transferred from across cultural boundaries nor should be transferred within the boundaries. Such practice is considered discriminatory and modernist and a throw back to earlier colonial philosophies.⁶³ The predominant conclusions reached in the studies by Kouzes and Posner's LPI surveys, GLOBE, the EU Study described by Elenkov and Manev, and the Ethics study by Resick et al., together serve to largely refute this viewpoint. The formal research completed and referenced in these studies are based on data subject to traditional confirmatory factor analysis (CFA) and degree of variance testing, (ANOVA), and comprehensively validate the reliability of data suggesting that different cultures recognize and value a universal hyper norm of effective and ethical behavior (see Research Data Terms and Appendices). Leadership trained and committed to motivating outstanding group behavior based on these norms are thus able to motivate and encourage performance to a higher standard.

Earley and Mosakowski come out as staunch defenders of LCQ in their published paper in *Harvard Business Review* in October 2004.⁶⁴ They define LCQ as the ability to distinguish behavior that is produced by a culture in question from the behavior particular to an individual and particular to those found all human beings.⁶⁵ They point out that those individuals in an organization being considered for expatriate assignment will often not be those considered as the best adapted within the home office or familiar surroundings. Rather they are the individuals

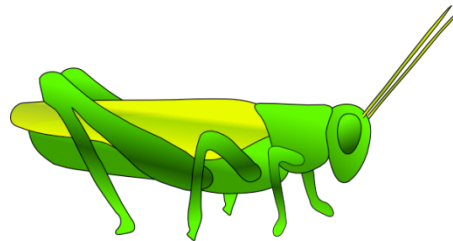
⁶³ C. Hampton-Turner & F. Tropaars, (2006), "Cultural Intelligence. Is Such a Capacity Credible?" *Group and Organizational Management*, 31(1): 56-63.

⁶⁴ Earley, P. Christopher and Elaine Mosakowski, "Cultural Intelligence". *Best Practice: Harvard Business Review and Harvard Publishing Newsletter*, EBSCOHOST, May 2009, Vol. 82, 10, 139-146.

⁶⁴ <http://ezproxy.rollins.edu:2048/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=bth&AN=14600043&site=ehost-live&scope=site>.

⁶⁵ C. P. Earley, and E. Mosakowski, "Cultural Intelligence", *Harvard Business Review*, October 2004, Vol.82 Issue 10, 139-146.

with the highest demonstrated levels of perception as it applies to social interaction and who possess highly adaptable temperaments to make sense of unfamiliar contexts and then blend in. They cleverly illustrate the high CQ candidate as one who would implicitly understand the HSBC sign in the Heathrow London terminal showing a picture of a grasshopper with the caption:



USA=Pest

China=Pet

Thailand=Appetizer.

66

Earley and Mosakowski simply refer to the art of LCQ as “knowing what makes Groups Tick.”⁶⁷ In this case, the groups are both inside an organization as well as interacting with an organization, but always representing different national, social, and vocational cultures from the leader in question. It implies not only knowing a culture, but also interpreting it such that misunderstanding is avoided and cooperation is facilitated. In today’s multi-national dealings where national borders are crossed daily, LCQ represents the most essential leadership faculty for success. Too often the representatives of an expanding MNC are impatient to grow their operation in a new country representing potentially high market penetration potential.

Management charges forward meaning to adapt the operational and marketing strategy within the new country to that which has proven successful in the home or previous market

⁶⁶ Ibid.

⁶⁷ Ibid.

ventures. Speed to act without proper study and consideration of the cultural implications will inevitably result in failure. In cultivating and fostering a climate that produces and sustains high cultural intelligence in its leadership, a proper understanding of the makeup of LCQ is fundamental. It is based upon the understanding that cultural intelligence is a form of emotional intelligence, EQ, one of the two essential facets of leadership intelligence. As emotional intelligence has been earlier defined as the ability to know and manage one's own emotions, motivate oneself, recognize emotion in others, and handle relationships, it stands to reason that significant preparation in recognizing emotion and building relationships is necessary. Yet, cultural intelligence begins with these basics and goes from there. The key is time to observe, interpret, and consider the right actions from the cultural clues observed. A technique recommended by Daniel Goleman, noted psychologist, is to suspend judgment and to think before acting.⁶⁸ He proposes that this can require considerable time, months or even years so suspension of action by managers in the foreign area of operation need include ongoing training while substantial exposure in LCQ is ongoing in the area of operations.

In this first chapter we have investigated the cost-benefit of effective leadership training by applying the economic measures developed by G.S. Becker. Becker's model is a way to rationalize the value to an organization of applied Visionary Transformational Leadership, (VTL), described in Kouzes and Posner's LPI measurement matrix, and the benefits of applied LCQ training for selected leaders assigned to foreign based assignments. LCQ depends completely on effective communications of shared values within the organization as the most important means available for leaders to establish their authority. The effects of organizational innovation introduction to foreign-based operations by leaders described in the EU study by

⁶⁸ P. C. Earley, and E. Mosakowski, *Harvard Business Review*. Oct. 2004

Elenkov and Manek, and the endorsement of ethical leadership in diverse culture groups studied by Resick et al., provide today's management with valuable data-based tools to structure and monitor LCQ in their international leadership development programs. Mastery of the foreign organization's language by the leadership should at a minimum incorporate learning spoken idioms and communication techniques which can be rapidly learned and put to good effect when assuming a leadership position in a foreign country. This can prove to be a reliable means to pass the test of acceptance initially within an organization composed of workers who do not share the same language and culture as their leader. Although, a long-term strategy needs to invest in a structured program to attain foreign language mastery in those regions targeted for highly effective and longstanding presence. This quote, attributed to John Foster Dulles, reflects the hard earned experience learned by the U.S. foreign policy programs in the early-stage Vietnam efforts: "Interpreters are no substitute. It is not possible to understand what is in the minds of other people without understanding their language, and without understanding their language it is impossible to be sure that they understand what is in our minds."⁶⁹

⁶⁹ Wm. J. Lederer and Eugene Burdick, *The Ugly American*, ibid. 275.

Chapter 2 - Effective Leadership: A Survey of Theory verses Practice.

*Although technical /professional knowledge is a prerequisite in most international assignments, it is not sufficient to insure success. The degree of success also depends on a person's professional effectiveness, interactions with host-country nationals, and the psychological adjustment of his family.*⁷⁰

P.C. Earley and Soon Ang. 2003.

Chapter 1 of this study establishes the theory behind effective leadership applied to foreign culture operations. What follows will examine the theory as it applies to actual experiences. The hypothesis is that effective leadership, when tested within foreign cultures, will prove to be moderated depending upon the culture of the society in which it is exercised. As discussed in Chapter I, effective leadership behavior is characterized by the communication of a compelling vision, inspiration of an organization to extraordinary performance, and the mastery of a leadership cultural intelligence by leaders assigned to the foreign-based business operations. Kouzes and Posner have developed and perfected the LPI discussed in Chapter I and Table 2.1. This guideline in the form of leadership practices and commitments describes effective leader behavior in an organization. The chapter goes on to address the meaning of cultural intelligence for leaders who are assigned to lead their foreign operations as well as methods for cultivating cultural intelligence within corporate management.

In this chapter the practical experiences of the experts will be analyzed and discussed in light of what has been revealed in theory on effective leadership and the effect of CQ. The methodology used is in the form of a survey using the recorded testimony of chosen leaders from industry and the military who are personally known to the author. In almost all cases the author has either personally worked alongside these individuals in the foreign assignments or

⁷⁰ P.C. Earley and Soon Ang, *Cultural Intelligence: Individual Interactions Across Cultures*, 185.

experienced similar happenings prior to or following their assignments in the countries referenced. Additionally, the sample group is controlled for gender and nationality in order to maintain a consistent leader profile. This is to ensure testing standards when comparing consistency leadership dimensions using the ANOVA and CFA standards (See Appendices and Data Terms and Definitions). The direct comments of the interviewed participants provided in personal interviews were recorded and later transcribed and summarized by the author after insuring accuracy was maintained. The purpose of the survey is to evaluate if the theories of effective leadership practices and implementation of LCQ hold up in practice in the cases and societies described by the interviewed experts.

To accomplish the purpose of the survey careful attention was given to the principles of grounded theory methods, GTM. These go back to Glasner and Straus in 1967, who termed their method: “discovery of theory from data-systematically obtained and analyzed in social research.”⁷¹ GTM represents the foundation for today’s qualitative research methods where the data is coded for analysis and follows several key principles:

- Set aside theory ideas and allow substantive theory to emerge from the data.
- Focus on individual interactions with phenomena.
- Sources are field work interviews, observation and documents.
- Identify data categories and connect them.
- Results are based in narrative form often as propositions.⁷²

These basic principles were followed in setting up and recording the interviews from the experts. They were then compared to the results established in the three foundational surveys on leadership already mentioned, namely, Kouzes’ and Posner’s LPI, GLOBE, and the EU and

⁷¹ Cathy, Urquhart, *Grounded Theory for Qualitative Research; A Practical Guide*, 14

⁷² Ibid. 16.

Resick et al. studies on innovation and ethics. A basic description and summary of these studies can be reviewed in the Research Data Terms and Appendices where additional resource material is cited. LPI deals strictly with principles of leadership in general, while the other two studies focus on cultural effects upon the leaders effectiveness to transfer innovative and ethical performance into an organization. The series of interviews record relevant experiences and observations from representatives of corporate business and the military. Many of the vignettes related during the interviews convey leadership teaching points derived to highlight what might be expected to occur when leaders are assigned to operate in foreign environments. At the end of the interviews, the findings are discussed indicating the extent the leaders followed the five practices and commitments of the LPI in Table 2.1 and whether they exemplified extraordinary effectiveness. Also discussed is how the leadership practices and commitments were endorsed and followed within the various foreign cultures and a relative assessment of the leadership cultural intelligence aptitude of the various leaders.

2.1 Survey Interviews and Vignettes.

*The most direct way of assessing how an individual functions in another culture is to interview the person who is involved in the intercultural interaction.*⁷³

2.1.1 Interview 1: Eric, the business gypsy.

Eric, give us your background and how you happened to become a career international businessman.

I grew up overseas, the son of an American father and Belgian mother. My father was a prominent business executive of a multi-national engineering company based in Houston, Texas who had served in various foreign postings around the world. When I came to the USA to attend college, I had already attended a public boarding school in England where I had been immersed in truly multi-cultural lifestyles among the other sons of fathers representing a global array of business, diplomatic, and military men. My high school friends hailed from many prominent cities in Europe and Asia, the Middle East and Africa, as well as Gibraltar and Malta. I studied engineering according to my father's recommendation and when time came to seek a starting position after graduation, I naturally gravitated to the multi-national corporation with far-flung overseas operations. Before long I was picked up by one of the leading multi-national companies in Electric Power Systems supplying steam turbine services to owners of a fleet of turbine units stationed abroad.

I can now look back on what has been a thirty-year career in international business recognizing that in many ways I was uniquely qualified, almost destined for such a career. Of my thirty years, more than twenty of those years I was actually stationed abroad. My assignments were all connected to the Power Systems and the Oil and Gas businesses. The most

⁷³ P.C. Earley and Soon Ang, Ibid. 200.

significant factor affecting this type of business, is that it is characterized by large capital project development and marketing efforts over extended time frames. Such a business will involve varied and diverse participants of different cultures. Not only the nationals of the project company hosting the project site, but especially the diverse group of suppliers and partners bidding together in consortiums or partnerships against other multi-national consortiums.

Eric, Do you relate to a particular culture more than any other?

I do not relate to a predominant culture group probably because I have worked and lived among so many different cultures in places in the Middle East, Europe, and Southeast Asia. I see myself almost as a business gypsy, going from project to project and country to country, rather than a representative of a particular national group operating in a particular foreign country. The one exception would be that in Saudi Arabia, where I spent seven years and came most close to a complete immersion in that particular culture. I would say that the twenty years in total stationed abroad have profoundly affected my approach to business that I sometimes cannot help feeling like a foreigner working in the USA these recent years.

Eric, explain your concept of effective leadership when working with people of diverse cultural backgrounds and provide examples from your own experiences.

First one has to understand the complex workings of an international consortium arrangement consisting of three large partners combined to bid and construct a large project in a developing country. A good example was a power plant in Malaysia where my company was the engineering and prime equipment supplier, by convention, the consortium leader in large international projects. The two partners were Asian multinational companies, a Japanese

company for the balance of plant supply and a Korean firm for construction. The dynamics of such an arrangement combining German, American, and Korean resources, each independently capable under a mutually agreeable contract to perform and succeed in international competition were daunting. This is due to complex historical and cultural barriers, which must be surmounted effectively in order to tender a competitive project bid. As Consortium leader representative, I happened to be less senior and certainly less Asian than my other principle partners. The historical and cultural differences between Japanese and Korean required me to provide a significant level of arbitration and decision making which took into account the overall objectives of the partners and the host country and his consultants, often as not, British. The nature of the Consortium agreement is predominantly consensual, allowing each partner leadership within their respective scope domains but requiring the overall lead company to decide and get agreement and then represent the common position of the Consortium to the host country company, often as not, part of the local national government. Leadership under such an arrangement requires, a wide range of character traits, the most important being:

- **Respect.**

To lead the different factions on the basis of contractual consensus only is impossible. The leader is not appointed by a mutual power nor does he carry any such designation. He is allowed to lead purely on the basis of mutual respect afforded to each of the consortium partner heads, and preferably by a majority of the managers within each consortium partner. Respect is given, once the leader demonstrates it openly.

To illustrate, let me relate a story of the Korean company head that used no calculator but preferred to calculate with the abacus. I offered a calculator but he refused and further responded with a challenge to beat me in calculating using his abacus against the calculator. The

result was a resounding defeat of modern technology using an ancient yet still respected device. The bigger result was we gained a mutual respect, which helped us to overcome many obstacles and reach success on the project.

- **Take the time to understand the situation.**

Here I am referring to the hierarchy and the mentality of the group with whom you are dealing. This can be accomplished in a number of ways. Recognize the personality characteristics of each key member and avoid acts and statements, which confront their sensibilities. I had one of our company lawyers fly out from the USA to Singapore to support a particularly tough negotiation roadblock in the consortium contract with our partners. He flew 32 hours and on arrival announced a plan to depart again in twelve hours. I made clear to him the risk of not reaching a satisfactory resolution of the key issues by not allowing sufficient time to understand and consider the consequences. The lawyer's reason for leaving early were personal, a wedding anniversary, which I too well knew was hardly the stuff to engender wide acceptance among the other team members. I made it perfectly clear that personal observances exercised over working commitments not only demonstrated a lack of awareness for the other cultural sensibilities but damaged the hard earned respect and commitment to results already established by me and my consortium cohorts.

- **Understand and apply the key motivators of a cultural group.**

Food is often the most important and necessary medium to establish motivation and bonding among the group. A good example is the Korean custom of serving rice and noodles at the end of a large meal. By western standards, this is unusual and most often misunderstood. In Korean society, these staples are served after the main courses as a filler to insure that a full and

sufficient meal had been received. It is an offense to turndown the rice at the end and doing so shows little respect for this time-honored custom.

- **Understand and show deference to the religious practices of a culture.**

When I was in Saudi Arabia it was well understood that to not show respect for the religious observances and culture is to offend both society and individuals indiscriminately. It is important to learn to demonstrate an awareness of the various practices such as daily prayer call, Ramadan, diet, and food handling customs, and even on occasion attend such ceremonies as weddings. My wife would attend the women's party at a Saudi wedding feast and socialize with her counterparts helping to foster respect for the host country culture.

- **Use of sports and entertainment to get a deeper personal involvement.**

In recent years, particularly in Asian countries and with Asian cultures, golf has become the preferred way to tighten a personal bond with the other culture. Business affairs leave little time for more intimate relationships to grow. Social settings, particularly in the homes of host nationals, are rare because mixing families and business is largely avoided. The golf course therefore provides a venue and forum to test the mettle of your counterpart, and foster respect and eventually friendship.

Eric, explain what in your business career overseas was your greatest challenge.

Time awareness, or the time sensitivities of the host culture, represents the ex-patriot leader's greatest challenge to understand and adapt to when crossing cultural boundaries. Its appreciation will lead to the building of trust and maintaining trust which can only be facilitated with a broad understanding of the culture in question, a high tolerance for accepting it as unchangeable in the short term, adaptability, and dedicated preparation for the task. The ex-

patriot leader must master time sensitivity or be doomed to ultimate failure with the host country nationals. Saudi Arabia, more than anywhere else in my experiences, became a lesson in patience and mastering time requirements. The expat will naturally carry a high sensitivity to time and schedule into the job, which is impossible to superimpose on the local situation. Most of these cultures such as the Bedouin and the Chinese have significantly different time expectations than their western culture counterparts and advisors. Critical to the mutual building of trust and harmony is patience and toleration of vastly different time awareness. I remember an early experience with the Saudi Ministry of Defense representative where I was left waiting four hours outside the office for his scheduled appointment. The Saudi official, who had spent the time reading the newspaper, opened his remarks with a question, “have you learned your lesson?” I had.

What is the ideal time duration for an expat to get up to speed in the host country?

A minimum of one year is essential for the Expatriate manager to begin to get up to speed in the local country or region. The Bali Project in Indonesia drove home to me two important lessons about culture adaptation requirements for leaders. After negotiating a difficult sale with the Indonesian government customer in Bali, I was summoned back to the U.S. Headquarters to meet with upper management on the delivery requirement of the proposed contract deal. Because of an existing priority already established with an Argentine customer, there remained insufficient shop manufacturing capacity to meet the delivery requirements with the Indonesians. I was told by management to purposely lose the deal and avoid any obligations to meet the expected delivery at the quoted price. I argued that I was confident I could save the deal by pushing out the delivery and adjusting the price upwards to cover the added costs. I was

determined to proceed in spite of the skepticism from management, and I requested authority to renegotiate the deal. In the end, the customer agreed to the higher price and the extended delivery based on the trust we had in our relationship. I believe this illustrates the necessity to lead not only the customer, but also one's own management when necessary. Also, time may not always prove to be of the essence when trust and reliability can be shown to be of a greater consequence.

What about language proficiency?

Almost everywhere with the exception of Latin American regions is English accepted as the business language of practice. This is a point of practicality in the Middle East and especially all of Asia where the high variety and the complexity of those languages particularly for describing technical innovations is unsuitable. My experience is this is not always the case in Latin America. I recall calling on a prominent customer in Argentina where formalities before the technical meeting details were largely conducted in King's English, only to resort over to Spanish for the main agenda. It was clear that this customer intended to hold the language high ground with his North American visitors.

I recommended mastery of at a minimum, twenty words and common expressions to foster good will wherever one is dealing. In addition, the practice of "going local" for the expat and his accompanying family members is critical to continue cultural adaptation and familiarity. To ignore this practice is to make impossible good leadership, awareness, adaptability and fostering of trust with the host nationals.

Describe your greatest success. Describe your most disappointing failure. To what do you attribute each of them ?

I can give you three good examples, which illustrate success to me:

1. Following a successful relationship with the CEO of the Chinese consortium partner to secure a project in Malaysia, the CEO gratefully and trustingly gave me the keys to drive his most prized possession, his Ferrari Testa Rosa. This, more than anything else, signified trust and gratitude for my leadership and dedication.
2. I received a job offer from each of my most valued customers while in Malaysia. I consider this a clear example of trust and acceptance, not to mention confidence.
3. At the farewell party hosted by the locals on my departure from Malaysia, a significant group of the local nationals, all with whom I had served and befriended, came. This meant more to me than any gestures of recognition coming from my own management.

As for failures, I can fault the corporate system under which I was deployed as an American expatriate for over twenty years. Long-term commitments to expat assignments have still not been implemented in most cases. The standard is three years, which is too short to allow full integration and the effect of trusted leadership within an area by an individual. Also, I fault the failure by the company to recognize and build up the expat career track to foster an evolution of highly qualified leadership in diverse culture operations.

2.1.2 Interview 2: Ernie, Mister KEPCO.

Ernie, give us your background in international business.

I am currently a retired career Executive of Siemens, former Westinghouse Power Generation, (SWPG). I would like to concentrate my comments on experiences leading up to

and following my position as a Manager of Power Systems International (PSI), responsible for Sales Development of power projects, fossil and nuclear, in Asia Pacific region, predominately Korea, but also covering China, Japan, and Taiwan. The timeframe is the late 1970's through 2003, spanning about 25 years. During this period, Westinghouse, WEC, participated in two major negotiations with the Korean Government utility KEPCO, where it acted as head of International consortiums including the Japanese firm Mitsubishi Heavy International, MHI, and the Korean firm, Samsung. These negotiations were for Nuclear and fossil power plants where I represented the lead supplier and Consortium head, WEC, competing against major world competitors, General Electric Co. GE, and Asea Brown Boveri, ABB.

What was the major objective for your company in Korea?

The first major objective of my efforts during the pursuit of these projects was to find and then develop the most effective sales agents with the proper contacts. This meant finding and securing a company and individuals who could effect the strongest influence on the chief decision makers in KEPCO's organization. To be an effective sales agent required gaining and maintaining a high level of trust with the customer's decision makers, as well as confidence within the consortium partners and those decision makers.

The precondition of the KEPCO's personnel who participated in the negotiations was often naivety for and suspicion of their non-Korean counterpart's intentions and motives. Nominally, KEPCO's rank and file contract negotiators were often young and inexperienced and highly inflexible. The less experienced personnel did not know and understand many of the relevant contract concepts and even the technical scope and applications were not always understood. Only after long suffering patience and a dedicated effort to familiarize and inform,

even train KEPCO's inexperienced staff, could trust be established and progress made. Often KEPCO's management distrusted their foreign counterparts in the consortium, in particular the MHI representatives. This was based on long standing historical and cultural conflicts.

Language unfamiliarity on both sides presented problems. Success came only after trust was established between the participants, a process that took considerable time and continuous efforts.

Provide your definition of effective leadership based on your experiences working within these diverse cultures.

I would define effective leadership within the KEPCO negotiation context, as the ability to gain trust within the lower ranking elements of the customer's negotiation team. This method will eventually work its effect on the higher management levels thus establishing trust and confidence throughout the customer's negotiation team. Trust within the multiple levels of the Korean organization is essential to overcome the major obstacles for agreement posed by rigid and strict limits placed on the functionaries and passed down from the hierarchy. Koreans are trained to blindly follow authority and avoid any individual autonomy for decision making out of fear of personal recriminations from management. With zero latitude to negotiate, all issues for resolution coming out of the contract discussions must be passed up to higher authority for approval. Consequently, a concession or even a compromise for a certain contract condition must be fully justified to the government's auditors.

Once trust is established, the Korean negotiator can readily see the advantages of finding an alternate path to resolve contract obstacles and will on occasions allow deviations and adjustments in prescribed procedures to get a favorable outcome. This is facilitated when he is

confident that he can gain an advantage as well as maintain progress in coming to agreement with the other side. In his culture, mutual confidence among negotiators is a higher order of integrity than blind obedience leading to failure.

Were you able to motivate the Koreans to accept and follow your initiatives?

Traditional means of motivation, i.e. praise, encouragement, flattery, and personal gifts are less effective to motivate positive responses from the Koreans. The predominate and controlling factor affecting individual behavior remains fear of higher authority and fear of assuming authority to act by subordinates. Consideration of what is best for KEPCO is never assumed and left to the hierarchy to determine. Concerted efforts to enlighten the negotiators as to the reason and benefit of accepting a certain clause in a contract are the only means to influence or motivate the Korean negotiators to go to management for approval. Once this has been successful, it results in a building of confidence to continue such efforts in the negotiation.

There are some concepts however which go against a particular mind set which rarely if ever can be considered to change. These a good negotiator, effective leader, will come to realize and will devise adaptive courses of action or alternative considerations which have a better chance of acceptance. In cases where a particular point remains a must have to the foreign negotiator, only a strong position of trust with patient explanation can overcome resistance. These times must be carefully considered and never overplayed.

What do you consider your greatest challenge to have been working within a diverse culture?

The greatest challenge to effective leadership with the Koreans was the ability to gain and hold trust throughout the organization. For the individual leader, this means being accepted by

them as responsible for effecting final decisions within your own management hierarchy. This required patient dealings, which were very time consuming, as well as active demonstration of care and respect at all levels. Other factors played into the gaining of trust and respect from their side. Relative to the other competitors in this market, namely GE, ABB and even KWU (Former Siemens), WEC had not been recently successful and showed a willingness to work harder to be the successful vendor. GE was known to have often assumed too much in their position with KEPCO, and KWU had often demonstrated a certain martial inflexibility in their dealings. KEPCO sensed and was justified to find that WEC remained true in its promises and made good on its obligations. This required consistent and effective leadership to achieve and maintain such credibility.

Did you find it more or less difficult to deal with the home office than your customer?

Many times it proved more difficult to deal with the home office than with the customer. It is as much of a challenge to convince home office on what is necessary as it is to sell the customer. Just as trust from the customer is required to maintain credibility, it proves to be the same with the home office. The requirement to patiently explain, sometimes over and over, critical requirements from the customer's point of view is often just as necessary with home office personnel as with KEPCO. Convincing home office of the need for flexibility and creativity to adapt solutions is paramount.

What is your estimate as the ideal timetable for a leader to get up to speed working with a foreign customer?

It is not so much a function of time as it is an ability to adapt and learn. Someone who fails to adapt well to the foreign culture and mentality initially may never do so regardless of previous background or training. It is a function of attitude and mind set from the beginning and time will not grant that, but can definitely build on it to perfect it.

How important is language proficiency to being an effective leader in the foreign country? What can the expatriate do to achieve effective close relations with in-country principles beyond using translators or relying on his host's English skills? Can you provide some examples of adapting to, learning about, and mutually enjoying the other culture?

Language proficiency for the expat leader would be a great asset but is not essential. There are many ways to obtain good and dependable communication with the foreign nationals. The primary means is to develop and train a strong supporting local staff. For most of KEPCO professionals, English is a second language. To remain effective, the leader should attempt to engage with highly competent locals and train them well in both technical, commercial, and administrative concepts and procedures. It is not enough to be mere translation experts. The local staff after time needs to understand the business at hand as well. When interacting with the Korean customer, one needs to always explain slowly and often to insure comprehension both from staff and customer professionals. When explaining complex and important concepts, adapt the delivery to the audience's reference basis.

Let me relate a short story to illustrate. The Westinghouse General Manager, Dr. Q, who, happened to be an imminent power engineer, accompanied me. He was to deliver a presentation on the superior qualification of the technology. Throughout Dr. Q's talk, I would interrupt to clarify and explain many of his GM's points. This was done to reinforce and clarify many of the

pertinent negotiation points that were being actively negotiated between the parties. Although what I was doing was necessary to insure good communication, Dr. Q initially failed to realize this, thinking the interruptions as rude and unnecessary. On the return flight home he admitted to me of having ultimately understood the use of this tactic.

Here is another example of how we were able to enhance the communications to insure not only understanding, but also, an attitude of receptivity within KEPCO. A Korean District Manager was hired who was a competent professional engineer and commercial man. He not only trained the other staff but insured good translations were flowing both ways. While Earnest never mastered the Korean language, he learned phrases and terms that when used at the proper time would “break the ice” or instill humor in difficult situations. Learning basic cultural behavior was a must at dinners, lunches, and even tea time where meeting outside the formal negotiation rooms provided a less threatening climate for “deals” to be tested and examined for sanity. Showing knowledge and acceptance of cultural behavior traits like removing shoes indoors and sitting on the floor eased the acceptance, trust, and respect generated within most gatherings.

Ernie, can you describe your greatest success. Describe your most disappointing failure. To what do you attribute each of them?

My greatest disappointment was getting WEC in a position to win the Nuclear 9&10 project only to lose the award, which was given to the French company who were supported by a more favorable government, to government finance deal than could be obtained from the US (Export Import Bank). This was a situation where major efforts had been expended to get everything right in the terms and conditions of the WEC offer, and the WEC technical offer was

preferred by KEPCO. The financing rate advantage proved overwhelming. It remained for WEC to chalk it up to experience.

As is often the case, experience will provide great rewards if leveraged, learned from, and acted upon. Such was the case when after fifteen years of forming relationships and building trust, getting the right agent and team to support major negotiations in Korea, WEC was awarded the NEW CITIES II Project with seven gas turbines in the first phase, and ultimately led to thirty more units overall. This amounted to our greatest success and it was due to our ability to build upon our losses and thereby winning the respect of the customer while honing the resolve of our own team, both in country and back home. This did not come without a trial by fire so to speak. Because of the disappointing initial losses, two previous awards to the competitors, home office management became convinced that business in Korea was a waste of time and refused support. A key manager for manufacturing refused to meet with the customer who had travelled to the US to assess WEC capabilities and resolve. I was forced to go above the manager to garner support and in the end gain the reluctant manager's cooperation and apology. Final outcome proved a lifesaver for WEC and validated, what we already knew and remained true to all along, "Gain trust with your customers and deliver on your promise."

2.1.3 Interview 3: Fred, Mr. Beijing.

Fred, give us your background in International Business and how you were selected to lead your company's foreign operations in China.

I am currently a retired career Executive of Westinghouse, later Siemens Power Systems. My career spans thirty-eight years. I began as a power systems field salesman for fourteen years in the Mid-Western U.S. region. Afterwards I advanced through various Division Marketing

positions in strategic planning, competitive analysis, and Cogeneration Systems marketing before being assigned as the President of Westinghouse China stationed in Beijing in 1995. I held that position for six years before returning to the U.S. in 2001.

My first experience working with diverse cultures was with the Japanese company MHI, on developing a Cogeneration power product in the smaller engine ranges using small steam turbines which WEC and MHI were joined in a technology license. In this assignment I spent time in Japan reviewing their factories and production offices to formulate a marketing strategy and agreement for that product line. That experience plus the formation of a large steam turbine, (ST), joint venture, (JV), in Orlando, FL., 1992, prepared me for the position as President of WEC China in Beijing in 1995. I was primarily responsible for implementation of the large steam turbines JV. This posting lasted a total of six years in China, accompanied by my spouse.

How does the Chinese culture react to and endorse foreign leadership in their country?

Well, the quicker one learns and appreciates the differences in the cultural environment and then responds to those differences, the better leadership will emerge. This applies not only to the Chinese partners, but also the broadly different host of nationalities, which form the team within the JV.

Key to success then becomes a question of respect for the leader by the Chinese and the other cultural players. Particularly with the Chinese respect for the leader was paramount. A key example was the selection of the JV Engineering manager, an expat manager who unfortunately was not an expert on larger ST frames, (his background had been smaller frame units), represented in the JV product line. It appeared that his selection for the manager position was more based on his willingness for the position in China than for expertise in the relevant product

line. This fact, was quickly recognized by the Chinese, who did not respond favorably to this individual, who had been placed in a key assignment. In contrast to this, the corresponding engineering manager for the electrical generators, also a component on the overall JV product line, of which there were six total, was indeed an accomplished expert in the relevant technology and was consequently held in high esteem by the Chinese. Effectiveness within the American-Chinese JV was directly proportionate to the respect afforded to technical expertise.

Equally important to effective leadership with the Chinese was the communication of respect by the leader to the Chinese personnel structure. This became more evident when the German company Siemens combined with the American WEC in the late 1990s in the JV management structure in China. German management style of the Chinese partner was top down and lacking with regard to communicating respect. This had the effect of blocking any respect for expertise. We, on the other hand, encouraged synergy with education of the Chinese as well as openly seeking their inputs and contributions to the management process. This was in spite of the strong nationalistic tendency of the Chinese and their tendency to go against the foreign management if and when respect was lacking.

Was it difficult to motivate the Chinese to accept performance standards and goals?

We activated the MBO program used in the USA by WEC. The concept failed to catch on well because the workers could not appreciate the individual performance ratings against individual objectives. They would compare with each other their ratings, which in effect did little to motivate individual performance and rather introduced jealousy and fraction within the work force. Another factor was the high rate of inflation/annum in China all but negated the MBO system of salary increases based on individual performance. A much more effective

motivator for the Chinese work force and middle management was a concerted attempt to educate and train the employee and supervisors in OJT and group meetings. This training was highly valued by them.

Fred, Ernest reported a case of KEPCO contract negotiators in S. Korea where once, they gained respect and confidence for the expat leader's efforts would in turn promote a positive effect on their own boss's relationship with the expatriate (i.e. a transfer of respect from bottom to top). Is your experience in China similar?

This was less likely due to the strongly repressive attitude toward initiative and innovation especially in matters involving manufacturing. The underlings were not likely to initiate or pro-act, rather, follow and apply instructions, often remarkably well.

How big a problem is language proficiency, and cultural sensitivity between the locals and the expat leader?

I was able to achieve a highly effective means of bridging language and cultural hurdles with the use of a cultural specialist on my management staff. I hired an English-women, who had studied Asian cultures and specialized in the Chinese language. She was married to a Chinese and living in China when she came into his organization. She was much more than a translator, actually more as a cultural interpreter, and she became an important participant in many of the staff meetings where her interpretations and insights were invaluable to the Western managers. I would recommend always using multiple translators from both sides in important policy and negotiation meetings.

Explain how to balance home office goals and objectives with those of the surrounding culture.

Surely you have heard of the all too common failure of expat management “going native?” It is a common tendency, particularly when the minority expat strives to relate and blend within the host country culture, or “be popular” among the natives. An indicator of these phenomena, is when the expat manager begins to think and act as if he “knows what’s going on,” and admits as much back to his home office. It can be a serious difficulty and needs to be guarded against by active measures to remain tuned in to the higher management goals and objectives. The means to strike an effective balance is adaptation based on solid recognition and understanding of the strategic as well as the tactical elements on the ground in the country. Replacement of expat managers is often necessary if that balance is lost, or in the vernacular, when the situation has reached condition “TLIC,” too long in China.

Now, Fred, how about your single best success?

Without a doubt it was the forming and implementation of the six technical and manufacturing product JVs in China. My previous experiences in the Power Generation industry strategic analysis, marketing, and JV strategy concepts, prepared me well for the director’s role in China for six years. Beyond that I am proud of the success of efforts to form and use a team approach within the JV in China. We used the “bulldog” assistant approach, an individual on the team whose job it was to hold the line and not give in to pressure from the partner. This would eventually come to the point where the top man, Chinese, would come calling on him to resolve the issue and this could usually be accomplished effectively.

Any Failures?

It was probably a failure to not establish a *project* JV, initially along with the other six

equipment JV's in China. Admittedly, it would have been the only one of its type, but in hindsight it would have significantly enhanced the overall product line in China. The project business is characterized by the planning, design, procurement and construction of all the extended scope activities around the selected equipment. It is complex and draws on multiple skills and connections with outside contractors. The Chinese valued the expertise a WEC could bring to such a task, yet the complexity to transfer all the know-how was formidable in the time and cost allowed. It was a missed opportunity to innovate and grow the business.

2.1.4 Interview 4: Doug, Mr. ISCOSA.

Doug, give us your background in International business and how you got involved in the WEC JV in Dammam, KSA?

I am a retired career Executive of Westinghouse Electric. My career spans 41 years after graduating as a mechanical engineer from California Maritime Academy and spending time in service at sea. I began work in WEC as a field engineer working on Navy Polaris systems from the WEC marine turbine plant in Sunnyvale, CA. For the next twenty years I served as a field service engineer in various locations, promoted to a District Service Manager in the Midwestern region, continuously supporting the Power Generation Service Division, (PGSD), out of Philadelphia and later Orlando.

In 1993 I was given responsibility for multiple International Service Shops located around the world directing those activities from Orlando, FL office. In this assignment I first became involved in managing expat and local managers and staff in various countries where WEC had electrical and mechanical service shops. The most prominent location for power generation service work was the International Service Company of Saudi Arabia, ISCOSA,

located in Dammam. Here, I became my own Managing Director located there between 1994-1996 yet traveling to the other foreign-service shop locations on an as-needed basis. The ISCOSA facility employed workers from 27 different countries and was the main service provider for the Saudi Utilities, ARAMCO, and the large Saudi Industrial and Military power plant installations.

What did you find to be your greatest leadership challenge on arrival?

Effective leadership for the service shop in Dammam was a multicultural challenge unlike any other. The Saudis were mainly equity partners and also powerful and demanding customers, yet the employees were a large mix of multinational varieties to which the Saudis maintained a strict and complicated pecking order. My practice in the various other service shop had been to study the situation on the ground (frequent and regular visits) and then assign the MDs and other critical managers based on demonstrated competence and experience. This worked well in Singapore where I selected a competent Chinese manager as well as in several of the Australian shops. However in Saudi, the selection of key managers proved more difficult. The Saudi partners, stockholders, insisted on final approval and had the few Saudi national employees within the company in the easier more administrative positions. The harder working and more experienced managers better suited for shop supervision, such as an Indian national I had selected for the position of shop manager, was vetoed by the Saudi partner. The reason was purely ethnic. Attempts to persuade reasoning other than the Saudi way was disallowed and the Saudi insiders were there to back the partner. Saudi owners, even in minority positions, also carried the full support of the government authorities. The Indian manager was deported rather than considered for a management position.

How were you able to get around the problem?

Not easy. As I mentioned earlier, I became my own MD, which was a tough way to solve the problem but necessary until we were able to assign the right person. At first, I attempted to bring in an American expat who was technically qualified and accepted by the Saudis but who had a personality, which did not fit the mold required (He was unable to adapt to the cultural challenges so prevalent there).

Employees in Saudi were largely mercenary in their approach. Money motivated, not much else. In contrast, Singaporeans were mostly of Chinese heritage and consequently entrepreneurial and innovative. It was difficult to get the Saudi owners and for that matter the American owners to think and plan long term. Investment to grow the business, in capital or even sweat equity, did not fit the short-term harvest mold.

Saudi customers, primarily the power companies, and the different government and industrial entities, were managed by a few Saudis over a host of foreign national workers. Sales calls required you to use your own international staff, Pakistani, Egyptian, Eastern European, or British to work the corresponding level in that organization. Time was of no consequence to the Saudi. Appointment times were never honored. Tea and small talk, non-business related, were the accepted mode with the key questions always held to the end of the meeting. Failure to adapt to these small but important cultural practices was generally fatal to success in the job.

How about a significant success?

A significant success was the cooperation with the Japanese company MHI in Saudi. MHI was a WEC licensee and also WEC's biggest competitor in Saudi. Instead of competing with MHI to service the large W501 frame combustion turbine product line in operation in the

Kingdom, I was able to work out a cooperation agreement where component repair was rationalized and split between the ISCOSA shop and MHI offshore. MHI also agreed to put investment in capital repair facilities in ISCOSA in order to improve the service response to the Saudi customer.

2.1.5 Interview 5: Wayne, The Lieutenant.

Wayne is a USMA graduate of the class of 1969 and was there from June 1965 to June 1969. He subsequently served in the U.S Army as a Combat Engineer Unit officer during the Vietnam War and subsequently retired after an extended career where he served in multiple positions as a line officer and later as a DOD exchange officer involved in various assignments supporting U.S. foreign intelligence operations in State Department assignments. These are his comments transcribed from a taped telephone conversation addressing the general subject of military leadership in a highly diverse cultural environment. The account of the individual stories are taken from his unpublished book, *Pop's War*, 2014, dedicated to his grandchildren.

Wayne, tell us about some of your experiences in the Republic of Vietnam. Was it wholly unlike what you may have anticipated or learned at West Point and the Engineer Officer's Basic Course?

As young officers we were given incredible power and even more incredible responsibility, the safety and lives of our men, the responsibility to win the war under the government's attempted plan to "Vietnamize the war," the pledges made to get the men home along with mine own promise to my family so many miles and civilizations away...It was during the time of Dewey Canyon II and Lam Son 719 Laos Invasion in January, 1971:

In January 1971 the decision was made to further cripple the NVA infiltration and supply to South Vietnam; I guess to follow up on the Cambodian success. This time

Vietnamization was to be demonstrated. But instead of heading north through the DMZ we would head west to Laos and “cut” the Ho Chi Minh trails using ARVN troops. This was called operation Lam Son 719. The main mission and reason to reoccupy Khe Sanh was to build a forward base capable of supplying the two ARVN Divisions who would cross into Laos and “cut” the Ho Chi Minh Trail. That meant a new C-130 capable airstrip. In the interim supplies would be sent in to the existing and damaged strip that was parallel by chopper.

One of my most frightening exercises turned out to be trying to locate a water point. We wanted to try to limit sling loads coming in to us so, if we had a water point, we could cut that a bit. We noticed on the map what appeared to be a stream on the south side of our position. I sent a small dozer (M450) to cut a path through the high grass. Soon my guys called that the operator had come on barbed wire with a mine warning sign (triangle). Only problem was that the sign pointed the wrong way – the dozer was in the mine field!

I went to the path the dozer had cut. Sure enough we could see some mines that had been unearthed with time just off the track marks. I walked out to the dozer stepping on the track marks and climbed on. We called for a Medivac chopper to be in the area with a jungle penetrator (hoist to take us up) if things went wrong, and we started to back the dozer out –exactly as he had entered. We made it, but no water point. We then went off the plateau a bit to the east and found a waterfall! We (me and two of my guys) decided to take a shower. As we soaped up out of the jungle came some black clad Vietnamese. Turned out they were ARVN Rangers – but I tightened up a bit as we were several feet from our weapons.⁷⁴

Wayne, what about dealing with the local indigenous peoples who were in the middle (and in the way) of a fight for their freedoms, which they couldn't even appreciate?

We learned that a solution arrived to in the midst of war and its craziness was often a good solution, sorta like, when we could uphold the will of the people to survive the war, it was probably the best course to follow:

One evening as it was getting dark one of the trucks ran off the road into a rice paddy. To get it out we had to set up a dozer and cables. We did a job on a small portion of the paddy. I reported the damage to division and, as was the policy, the division assigned a JAG officer to pay an equitable claim to the owner of the field. I had to accompany him to meet with the farmer. The Vietnamese farmer had essentially claimed the entire field's crop of rice. We had maybe destroyed 5% of the paddy. The payment was in the local currency, piasters, which had an official value way above its actual black

⁷⁴ Wayne Murphy, *Pop's War*, (2014), Chapter VII.

market rate. (We used US Army currency we called script among US troops and stores (PX).

We went to the farmhouse – a thatched hut with a dirt floor. The owner showed up as a former ARVN soldier with one arm. Not sure if he was actually the owner or the “stand in” to gain more sympathy. He showed us his discharge and medals. We offered the appropriate amount; the farmer was very distraught. After consultations the division officer offered him about 25% of the field’s yield. He took it and we shook hands and left.⁷⁵

Murph, was there a time when you had to choose between strict observance of Army regulations and supporting your men to accomplish your mission with every resource available?

Well, there was the time when we were at the Khe San base camp and our unit came under attack. We were at the point of getting overrun and there was quite a bit of confusion:

At this point I got more control of myself and went from being a rifleman to being the LT. I scurried over to our other positions. Behind me I heard a great deal of commotion and spotted the platoon sergeant, SFC R.C. Henry, from our other engineer platoon going over the top. He was following the chaplain who had heard the infantry guys yelling and was going to help if he could. Apparently the attack was at my platoon’s front along the road (from the north east) and from the west at the infantry positions. Our second platoon was not hit. That was good because behind them was the one mortar tube the infantry had on the hill. It just happened that they were set to fire a random flare round as was SOP during the night when the enemy attacked. The enemy must have been dumbfounded to be lit up like that! The chaplain was screaming profanities and the sergeant was running after the chaplain. Just over the ridge the chaplain came face to face with an NVA sapper. According to the sergeant the chaplain grabbed the gook’s AK rifle and belted him with it. Then he shot him several times. Jumping down into the infantry positions he confronted more sappers and greased them all, swearing at them all the time. He was protecting “his flock” and in doing so apparently retook the infantry positions the NVA had overrun.

In the morning the chaplain was awarded the Silver Star on the spot by the Division Commanding General for his action that night. But because chaplains were non-combatants and unarmed, it was written up supposedly that he led the charge “directing suppressive fire” on enemy positions. He actually did this by shooting them. To make things kosher Sergeant First Class Henry also got the Silver Star for the actual killings and moving with the chaplain to take back that portion of the hill.⁷⁶

Most of the time our choice to work around a problem to help the larger cause just seemed to be the right thing to do. I remember one incident, which involved a culvert we put in the road between two paddies. It was fine and the local farmer dammed it to

⁷⁵ Murphy, Ibid. Chapter. viii.

⁷⁶ Ibid. Chap. XI, 52

control flow. About 100 meters along we found on successive mornings a trench dug across the road. We filled it in and each morning it returned. We finally got an interpreter to talk with the locals. It seems another farmer was jealous of our “giving” a culvert to his neighbor and wanted one too. Although it was not called for in the plans we added one for him in the spot he kept digging up. He seemed pleased.⁷⁷

2.1.6 Interview 6: Joe, LTC Special Forces.

What follows is the text of a written response to an interview questionnaire with a Special Forces Army Lt. Colonel (LTC) while on assignment in Afghanistan in the fall of 2013.

Describe the organization you work for and your role.

I serve as the Director of a Special Operations Forces (SOF) Fusion Cell. My role is to provide leadership and supervision of several military, government, and civilian employees in Afghanistan. Our purpose is to fuse multi-source and multinational intelligence to the International Security Forces Afghanistan (ISAF) SOF Task Forces throughout the Combined Joint Operational Area (CJOA).

Describe the nature of your involvement in international business or operations and the different cultural groups with whom you have significant contact.

Currently working in a multination fusion cell comprised of multiple nations from NATO and non-NATO partnerships. We support many SOF task force elements throughout all of CJOA. My involvement is to ensure each of those task forces get the right intelligence support for their operations throughout Afghanistan. Most of my responsibility entails engagements, either face to face, video-teleconference or phone/email. I deal with several European cultures, all NATO, to include former Warsaw Pact countries. It is critical to know a little bit of each

⁷⁷ Ibid. Chap VIII, 41-42.

nation's history. Then you have non-NATO nations: Mongolians, Jordanians, to name a few. The language barrier is the biggest challenge with these nations since it is not mandatory for them to speak English or French, the two primary languages in NATO.

Define a predominant culture group and the timetable and circumstances of your involvement within that culture group.

Middle Eastern and Central Asian culture. I spent five years living in the Kingdom of Saudi Arabia, 1983-1988. From ages nine to fourteen I grew up in the Middle East with my family while my father worked for Westinghouse. Most of my circumstances involved attending an international elementary school. I remember meeting kids from various backgrounds and cultures and realized that you can speak to or be friendly to them, no matter what they looked like or where they came from. Outside of school, I remember some of the Middle Eastern customs that were quite peculiar. The predominant role of the men and how overly romantic they were, the strong aroma of perfumes, the sweet/savory taste of food, the loud and obnoxious music, and the neon lights all around town. Years later (2003-2004, 2010, 2013 and 2014), I spent a significant amount of time serving in Iraq and in Afghanistan. My exposure to cultural groups was a bit limited due to the security situation. Most of my involvement with cultural groups in the ME and Central Asia during this time involved key leader engagements and training of host nation security forces. During these times I noticed several things I noted when I was a kid – if you're friendly, they're friendly. They enjoy hanging with men versus women or their families. They enjoy social events with music and food.

Definition of Leadership. Provide your definition based on your experiences working within diverse cultures.

Leadership is the ability to understand, and then shape/influence people to perform a certain way or achieve a common goal.

How is leadership different when working within a diverse culture?

One cannot rely on one's own understanding of "communication." Have to account for language differences, customs and courtesies, personalities, and preconceived stereotypes.

What do you consider major obstacles to effectiveness?

Narcissism. Major obstacles to effective leadership can be those who choose not to understand first. Some leaders often forget to effectively solve a problem or give coherent guidance and direction; they must understand the issue. Understanding comes from listening, setting aside your own agenda, as well as following and asking questions. Understanding enables one to lead, shape, and influence.

Are character and integrity important within a diverse culture?

Absolutely. Character is important because in other cultures you are susceptible to a preconceived stereotype that may put you at a disadvantage. Integrity is important too in any culture because it develops trust. Trust is often a cornerstone characteristic in any culture. Trust is essential in leadership and relationships.

Are traditional means of motivation within the group more or less effective?

Traditional means of motivation can be effective with a group as long as the communication method is modified to address all forms/parts of the group. A leader needs to be aware of how to effectively communicate with each member of the group – and then one can apply traditional or even unconventional means of motivation.

What is the best means to motivate collective performance of a group?

Face to face communication is the most effectively to motivate a group. Other communication methods can enable your vision for group performance that include: meetings, individual counseling, social settings – lunches, hail/farewells, writing it in your e-mails, including it in briefings to visitors. To make the group buy into a vision or become motivated, you have to be willing to listen and incorporate their input too.

How important is identification with the cultural precepts of another culture to achieving success? Can you provide examples?

It is essential to understand culture to achieve success. For example, in Afghanistan, a police chief randomly establishes checkpoints and tells his units to charge tolls/fees to drivers traveling on roads throughout a province. There is no reason for who gets stopped and/or charged – it is usually random. This is the Afghan way, whereas, a westerner would view this as corrupt police chief. Westerners would then advise the Ministry of Interior Head of law enforcement to fire or remove this Afghan Police Chief for being corrupt in running highway checkpoints. The effects of removing this police chief actually does more harm than good because the police chief has a influence/status within that province that bolsters security along

the roads. While the westerners view this as corruption, the Afghans view this as a collection of segmented groups and the actors there are driven by the imperative to provide patronage to the networks that support them. Understanding cultural precepts such as “corruption” or that charging random fees is an Afghan cultural norm dating back in time to the silk caravans traveling through Afghan’s crossroads could have helped the westerner’s chances of success rather than trying to force “responsibility” from the western point of view by reducing corruption. Furthermore, that takes a great deal of time to change and a new way to distribute well-being.

There is a phrase used by westerners throughout Afghanistan called "Afghan Good Enough." It actually comes from T.E. Lawrence, the famous British military officer and counterinsurgency theorist. He is quoted saying: "Better to let the Arabs do it imperfectly than to do it perfectly yourself, for it is their country ... and your time is short." As the end of the NATO ISAF mandate draws near, our time may be short but if we seek to achieve lasting stability in Afghanistan, it may be better to let the Afghans continue to do things imperfectly. Tough problem.

What do you consider your greatest challenge to have been working within a diverse culture?

See above.

What is the ideal timetable for an expatriate leader to get up to speed and become effective in a foreign country?

To become a leader it can take anywhere from six months to three years. To become an effective leader, I say anywhere from 10-50 years. Because of the cultural differences, a long lasting

effect takes a great deal of time to change.

Language proficiency. How important is it to being an effective leader in the foreign country?

One of the most important characteristics. For one, it shows you respect their culture. Showing respect earns trust. Earning trust is necessary for effective, long lasting effects from leadership – even when you are gone.

What can the expatriate do to achieve effective close relations with in-country principals beyond using translators or relying on the host's English skills?

Spend time together. Invest much of your time with the in country principles demonstrating that your priority is their priority.

2.1.7 Interview 7: Ron, the General.

General Crowder, is a retired major general from the U.S. Army and a still active Federal District judge in Colorado Springs, CO. He is a long acquaintance having served together with me in the 2/39th Field Artillery Bn., 3rd Infantry Division, USAEUR in Schweinfurt, Germany in 1969-71. He describes himself as a citizen soldier, having served in military active and reserve components over thirty-eight years while simultaneously pursuing an active career as a lawyer and judge in Colorado. His military active duty assignments involved seven deployments overseas, three as a younger officer in the regular Army serving twice in Germany and also in the Republic of Vietnam. Later assignments came from his position as a senior National Guard officer where he was called to active duty in U.S. Military to the Military training missions in Lithuania, Slovenia, and South Korea. His final assignment placed him in the position of Deputy

Commander U.S. Army Pacific Command in Honolulu, HI, where for several years he was responsible for supervising large military to military training exchanges with the Army components of Thailand, and other Southeast Asia and Pacific national forces. All total it is this experience, which has given Ron the insight to appraise and comment on the subject of effective leadership among diverse cultures from a military leadership perspective.

Ron, describe your experiences working with military leaders from so many different regions around the world? How were they similar, and how different? Besides technology, what were the major differences?

In Lithuania and again in Slovenia I was primarily involved during the period of 1990s, after the wall came down and the collapse of the Soviet Union. At that time, these countries were engaged in training and operations consistent with their national interests to become part of NATO. During these operations, and to a similar extent in my later involvements with the South Korean Military program, leadership and motivation was compounded by what we described as the big checkbook factor. Too often the foreign military's government is receptive to and expectant of the leadership, in this case the U.S. Military and Government, to pave the way to modernization and compliance with large funding outlays. While this is often the expedient approach, it does not substitute for leadership nor the desired evolutionary results intended by either party. Another predominant difference in the approach to leadership within foreign cultures in general is the mindset of proper behavior and character among the leadership. It was nigh impossible for the foreign officers to relate to the U.S. standards of proper conduct for military and government officials. Slovenian officers all too often invited their counterparts to engage in a form of after hours camaraderie, which was hardly acceptable in the U.S. practice.

This prevented the gaining of trust and respect, in fact, went the other way in some cases. This was exemplified when officer friends found it incredible that the American President Bill Clinton would be subject to an impeachment for what they considered harmless frivolity.

In Korea the issue of what is considered acceptable personal behavior and character often created an obstacle for the U.S. officer and his counterpart to gain confidence and credibility. It appears this has been an age-old problem between fighting men from diverse cultures, which can only be overcome by demonstrating consistency in all dealings, both on and off duty.

What do you consider the most important consideration for a U.S. Officer in such working among Officers of diverse cultures?

Of critical importance is the appreciation of cultural background by the U.S. officer for the people and the region in which he is involved. A case in point involving the Balkans area, was to not allow for the religious differences at play in Slovenia and the Balkan states between Moslems, Christians, Jews, Orthodox. No certain understanding could be achieved across a large group of diverse participants without very careful recognition of the cultural differences and mindsets.

Do you have any recommendations to working effectively with diverse culture groups? Can you describe a significant success?

I found that successful leadership was most often gained when the U.S. Leader found and leveraged an intelligent counterpart in the foreign command structure. I recall one such leader in the Lithuanian command who had been trained extensively by the Soviets in the time of Warsaw Pact domination. This officer was an able learner and I used him to turn around the host army's

approach to noncommissioned officers (NCOs). Here-to-fore in Lithuania, the role of an NCO was indistinguishable from the lower ranking and a battery of younger officers, (four times the U.S. unit practice), were engaged to teach military skills and competence. This failed on two points. Young Lieutenants could not hold the respect of the majority of seasoned but not responsible older soldiers whose strengths were underutilized. Also, it gave no incentive to the younger troops to strive to improve. The U.S. model places significant and far-reaching responsibility on the NCO corps, who come from the enlisted ranks. They are far more effective at close command and order within the ranks. We demonstrated this and implemented it with the help of the able Lithuanian officer into Lithuania's force structure plans. It remains one of my best memories of successful leadership.

What about short falls?

I was waiting for this question. It describes a failure, which exemplifies an all too common failure of many of the American officers tasked with transferring skills to a host nation Army. A multi-nation command exercise was staged in Thailand in 2006 involving soldiers and officers from a host of South East nations along with a significant U.S. force component of over 8,000 troops. The intent of the exercise, called Cobra Gold and staged at the Thai Military Academy, was to stage and test a three phased operation aimed at winning a conventional war in a third world country, establishing peace in the country, and then establishing the more timely process of nation building after the fighting. I was tasked with the conduct of the battlefield command phase, which called for a rapid conclusion. To start with, I was "thrown in the breach," or called up at the last minute to replace another commander in dispose, and arrived in Thailand for the operations with minimum overview and preparation. I knew my role, win the hot war, and I felt I needed minimum preparation. The problem was I failed to fully comprehend

the overall span of the operation. Looking back, I found myself in a role I did not intend, that of the all knowing but little understanding modern version of George Patton. I now can admit that the entire situation could have been handled much better had I been able to properly “read the problem” and I would have avoided giving the wrong leadership impression to several of my Allied counterparts. Lesson to take away: Be Prepared, Know the Mission, Listen, and apply all inputs from the supporting environment.

What lessons would you pass on to the military leaders today and in particular, younger officers being placed in command in joint operations with other Allied commanders representing many different cultures?

For the theatre level commands, I cannot overstate the need for comprehensive long range planning and implementation in all foreign-based operations. And for the younger officers, look for opportunities to work in joint planning and operational assignments. In an operation such as Iraqi Freedom and also Afghanistan Theatre command must consider the assignment of a single commander, responsible for the three phases, winning the war, achieving the peace, and rebuilding the nation. That commander must have the single responsibility and oversight of the big picture, the total outcome desired, which may take years or decades and not months. Dropping (destroying) a bridge to deny the enemy in the battle may do grave harm to the surviving populace. The standing joke in Korea is that the US Army has been winning Korea each year for the past 60 years in a row. General MacArthur was such an example of consummate leadership with an eye on the big picture. He returned from Japan after fourteen years after having won the battle, island to island, governing the peace as military governor, and in almost empire fashion, resetting the nation on a path to successful, constitutional-

parliamentary democracy comprising the modern Japan among the world of nations we know today.

2.2 Survey Findings and Discussion

The purpose of this practical survey is to evaluate the leadership qualities demonstrated by the recorded experiences of the interviewed experts against those highly effective leadership practices and commitments outlined in Kouzes and Posners' LPI (See Table 1.2 The Five Practices and Ten Commitments of Leadership, p.14). Once reviewed, the second step is to consider the results within the context of the foreign cultures described by the various interviewees. Could the practices and observations described by the interviewed leaders be accepted, endorsed, and ratified by the behavior of the individuals they were required to lead? This can be measured by comparing the described behavior and reactions against the results shown in the definitive studies discussed in Chapter I, i.e. the GLOBE survey, the Elenkov and Manev Innovation study, and Resnick et al's. ethics study. The desired conclusion is that highly effective leadership practice to be accepted and endorsed in multiple cultures, requires leaders to adapt their behavior to the culture in question. Such behavior by a leader reflects high cultural intelligence, the essential differentiator in highly effective leadership within diverse cultures.

Each interviewed respondent was first provided a questionnaire, (see Appendix H), to which they responded either in writing or verbally in the recorded interview session. The results were later tabulated into an empirical format based on a five point Likert scale, where five indicates full agreement and zero full disagreement. The values attributed to the interviewer's responses were assessed based on the qualitative merit assessment of the answers given to the written questionnaire and from the answers given in the interview session. The results showing

the group's performance are provided in Table 3.1 on the next page. The group of seven interviewees scored a high mean performance of 4.0 overall. This result would indicate that the interviewees surveyed all exhibited highly effective leadership behavior in their assignment experiences. The leadership practice, which ranks lowest is number two, Inspire a Shared Vision, where the mean group performance is 2.7. This may well be attributed to the general lack of the various respondents to master the foreign language of the cultures involved. This undoubtedly affects communication of a group vision to individuals of another culture in the organization and makes the subsequent transformation of a common vision within the organization more challenging. Also notable was the high level of agreement among the respondents to LPI principle number 4, Enable Others, showing a high mean value of 4.8. Building trust and fostering self-development and competence in individuals of the foreign culture, was a high priority with all the respondents. Also the other practices, Model the Way, Challenge the Process, and Encourage the Heart, all scored high mean scores ranging from 3.7 to 4.3. These results attest to the high probability of highly effective leadership qualities among the interviewed respondents.

Table 3.1 Interview Group LPI Performance Qualitative Ratings⁷⁸

LPI Principle	1	2	3	4	5	6	7	Mean values
Model the Way	4	4	4	3	5	5	5	4.3
Inspire a Shared Vision	1	5	2	2	2	4	3	2.7

⁷⁸ The following group means are most noteworthy: Group mean 4.0 for all 5 LPI Principles ranks in the higher mean range for LPI.

Lower Mean rating of 2.7 for Principle #2, Inspire a Shared Vision.

Remaining LPI Principles rank in higher mean range. 3.7-4.3.

Highest mean rating of 4.8 for Enable Others, (Building trust and fostering self development.).

Challenge the Process	5	4	5	5	5	3	4	4.5
Enable Others	5	5	5	5	4	5	5	4.8
Encourage the Heart	5	3	4	4	5	4	3	3.7
Total (overall)	20	21	20	19	21	21	20	4.0

2.2.1 The Anglo Culture

What remains to be established is the degree that the leadership principles were received, endorsed, and adopted by the culture groups involved. This can be evaluated from analysis of the reported experiences relative to the cultural determinant contexts described in the formal GLOBE study and Resick et al.'s ethics study. These are collectively summarized in Tables II and IV, Appendices E, F, and G. Displayed on the following page are their rankings.

Table IV. Ranking of culture clusters based on endorsement of each dimension of ethical leadership. **

<u>Band</u>	<u>Character/Integrity</u>	<u>Altruism</u>	<u>Collective Motivation</u>	<u>Encouragement</u>
Higher	Nordic European (6.40)	Southeast Asian (5.16)	Anglo (6.32)	
			Latin American (6.2)	
			Nordic European (6.25)	
Range	6.40	5.16	6.25-6.32	
Middle	Germanic European (6.31)		Germanic European (6.12)	Nordic European (6.43)
	Latin American (6.26)	Confucian Asian (4.93)		Anglo (6.39)
	Anglo	Latin American	Latin European	Latin American

	(6.22)	(4.87)	(6.09)	(6.19)
	Southeast Asian (6.19)	Middle Eastern (4.76)	Southeast Asian (6.06)	Germanic European (6.18)
		Anglo (4.70)	Eastern European (5.86)	
	Latin European (6.00)	Eastern European (4.53)	Confucian Asian (5.78)	Southeast Asian (6.15)
	Eastern European (5.89)	Germanic European (4.37)		Confucian Asian (6.04)
	Confucian Asian (5.82)			Eastern European (6.03)
Range	5.82-6.31	4.37-4.93	5.78-6.12	6.03-6.43
Lower	Middle Eastern (5.65)	Latin European (4.29)	Middle Eastern (5.53)	Middle Eastern (5.57)
Range	5.65	4.29	5.53	5.37

** This chart is limited to those Societies relative to this study project and not the GLOBE study.

All the interviewee respondents are from the U.S.A., or the Anglo culture cluster shown in Table II, Appendix F. They are professional managers from both business and military backgrounds, their observations representing American leadership practices among the various culture cluster groups shown in Table II, Appendix F. Referring to Table IV of Appendix G, from Resick's et al. ethical study), the Anglo culture group is characterized as demonstrating the following behavioral leadership dimensions and relative endorsement ratings expressed as Higher, Middle, and Lower Median range ratings:⁷⁹

⁷⁹ Two aspects of the data -base behind these ratings are important to note. First, the dimensions described as defining leadership are conceptual and were discussed in Chapter 1, The Kouzes and Poser LPI. The scale equivalent factors used to measure each dimension in Resick's study identify the individual conceptual attributes and are given in Table I of the appendices. Also, as pointed out earlier, the measurement equivalence and variance Model fit standards of the questionnaire data used by Resick based on GLOBE data were upheld. Thus a comparison of the interview responses to the study base data is against a valid and reliable basis. C.J. Resick et al, *Journal of Business Ethics* (2006), 63:345-359.

- Character/Integrity- Middle Median Range rating: 6.22
- Altruism- Middle Median Range rating: 4.70
- Collective Motivation- Higher Median Range rating: 6.32
- Encouragement- Middle Median Range rating: 6.39

2.2.2 The Confucian Asian Culture

How the Anglo culture group of leaders individually would be expected to inter-react within the various culture groups can be predicted by referring to Table IV and observing the relative strength or weakness of the leader's cultural profile to that of the indigenous culture group being led. Those interviewed regarding their experiences with the culture group from Confucian Asia, in this case, Korea and China, would face a culture characterized by the following profiles:

- Character/Integrity- Middle Median Range rating: 5.82
- Altruism- Higher Median Range rating: 4.93
- Collective Motivation: Middle Median Range rating: 5.73
- Encouragement: Middle Median Range rating: 6.04

In this case, the relative comparisons of the leader attributes to the culture group endorsement of that behavior are most indicative. The Confucian Asian culture strongly endorses altruistic behavior in leaders compared to the American culture, where it holds a notably higher middle rating. Regarding collective motivational behavior tendencies, Confucian Asians rank them as far less important than the American leadership, where it is ranked the highest. For that matter, encouragement and endorsement practices by the leader are significantly more difficult to implement or even appreciate within the Confucian Asian

culture.⁸⁰ Examples of these cultural differences are related by Fred, head of the Beijing-WEC Joint Venture in China, and Ernie, in his dealings with KEPCO to purchase the New Cities II Power Project in Korea. The examples point out the importance of learning and applying cultural intelligence going into and continuing throughout a foreign based or expatriate assignment.

Fred's primary lesson as the JV leader in Beijing, where he was ultimately responsible for the output of six technical and manufacturing JVs, was learning the meaning of respect by the Chinese for their leadership. It was based on technical expertise and competence primarily rather than on the typical western hierarchy concepts. He responded by recommending and assigning technical experts as the appointed managers for the various JV companies. He encouraged synergy by implementing continuing technical education of the Chinese while seeking an increased level of inputs and contributions to the management process. Fred recognized that Chinese workers also afforded a higher level of respect to more community oriented goals, even nationalistic values, than individual goals or self-motivated behavior. He scrapped the traditional Management by Objective (MBO) program used by his company for more group improvement programs such as OJT and group educational meetings which were highly valued by the Chinese.

In the case of Ernie and the Korean Company KEPCO, there are similarities and differences. Ernie was not assigned as an expatriate manager to the Republic of Korea, but his assignments to market long term sales campaigns for major power projects in that country required extensive travel to and an almost career long (25 year) immersion into Korean culture. He admits to his highest challenge as gaining trust within the lower ranking elements of the Korean customer's organization, particularly the negotiation team for the major project. In one

⁸⁰ C.J. Resick, Ibid. p.345-359.

sense, this was different from Fred's Chinese experience where he had to command the respect of the organization he managed by responding to their expectation of group priorities for technical expertise and learning advancement (altruism). In the case of the Korean organization, the structure is rigid and allows almost no latitude for individual consideration or flexibility. Rather, he admits that the sole effective method of gaining respect with the Korean organization was to patiently work with the lower echelons to resolve negotiation impasses and thus in time earn their respect. This respect in turn was communicated up the line to where the higher managers would come to respect and trust his judgment and capabilities. Over time, his power to resolve problems and lead decisions increased such that the higher levels of KEPCO's management came to depend on him to represent their position back to the top levels of the American management. The vignette of Dr. Q. in interview #2 illustrated this point. The KEPCO case supports the conceptual expectation of high company awareness over individual motivation and empowerment suggested by Table IV in the Resick et al. study. It also underscores the importance of advanced and continuing practice of cultural intelligence by the leaders to adapt their behavior to the cultural requirements.

2.2.3 The Southeast Asian Culture

Examining the profile of the Southeast Asian cultures from Table IV of the Resick et al. study reveals this culture as higher range altruistic and lower range for the other three dimensions. Relative to the Anglo (N. American) leadership cases, the strongest variance between the Southeastern perception of effective leadership behavior and Anglo would be how charismatic and inspirational attributes in leaders are perceived, or the collective motivational dimension. According to research referenced earlier in Chapter I (see Appendix C. the EU Study

results) collective motivation and encouragement are practices demonstrated by a leader in an organization, which are directed to the subordinates. It is demonstrated by communication, team building, and motive arousing (inspirational, dynamic, and enthusiastic leadership), using expressive communication, and open displays of emotion.⁸¹ The relative variance of the behavioral dimensions of collective motivation and encouragement between these two culture groups, might be attributed to a broader cultural dimension of power distance, where the power influence of the leader in a group is very strong.⁸² Native Southeast Asian managers will be much less likely to practice team building and communication in their organizations than their Anglo counterparts.

The observations made in interview #1 with Eric illustrate several key points, which need to be considered in dealing with multi-cultural environments. Eric's primary involvement in Asian business activities were leading large multi-national consortiums on power projects where the players making up the consortium, the customer, and the suppliers represented a wide array of culture groups. The culture group variances are not two-dimensional but multi-dimensional, making prediction of attitudes from the multi-national groupings more complex. Accordingly, Eric as representative leader of a multi-national consortium selling a power project to the client in Bali Indonesia, had to consider the cultural expectations of his Japanese and Korean partners (Confucian Asian), the customer's Consultant (Anglo-English), and the ultimate client (Southeastern Asian, Bali, Indonesian). To gain respect from his partners, Samsung of Korea, he tells the story of the abacus. He earned the Samsung leader's respect and confidence by accepting his challenge to match his speed using his calculator against the abacus, preferred by the Korean leader. This act helped to foster a mutual co-respect between the two, which served

⁸¹ M. Dickson et al, 2003. Ibid. 729-68.

⁸² C.J. Resick et al, *Endorsement of Ethical Leadership*, Ibid. 346.

them well through the drawn-out consortium agreement negotiations. On another occasion, his management in the U.S.A insisted he turn down the project after extended negotiations and sunk costs based on the customer and his company being locked in an impasse over delivery terms. At considerable personal risk he was able to personally convince his customer to accept a price change and a delivery extension. This was possible because of the high level of respect he had built with his customer and his partners in consortium who all faced considerable losses had the project been turned down. The point is that as a consortium leader of multi-national and multi-cultural players, successful relations require an in- depth cultural intelligence to gain and maintain a high level of respect and trust with the mutual players. Also, it is not enough to presume a certain cultural behavior will suffice in dealing with each cultural group, but to tailor one's actions after carefully considering the dynamics of a multi-cultural environment. Once this is done, mutual trust will strengthen to the point that successful interactions are realized.

2.2.4 The Middle Eastern Culture

The Middle East, and particularly the Kingdom of Saudi Arabia, provides an interesting comparison to what has already been observed from the Southeast Asian examples. First of all, the Middle East to Anglo culture comparisons provided by Table IV is remarkably similar to that of Southeast Asia to Anglo. The strongest leader attribute endorsement variance between Anglo (leaders), and their Middle Eastern associates, is the leader dimensions of collective motivation and encouragement. This was seen to also be the case in the Asian culture clusters (especially Korea, Malaysia, and Indonesia), most likely attributed to the high power distance and face saving practices of indigenous managers in those countries. These leader attributes, collective motivation and encouragement, are unfamiliar and contra-intuitive behavior methods between

managers and subordinates due to their more dominant and inflexible management styles. A case in point is Eric's story of his first meeting with the Saudi Ministry of Defense official. Instead of capitalizing on an opportunity to address his priorities with the ministry official, he was left waiting outside his office for four hours. His point being that priorities with the Saudi remained theirs to give and the business at hand would be handled according to their timetable. This needed to be learned or "be doomed to failure," as the official in the story insinuated with his question, "have you learned your lesson?"

Doug in interview #4 recounts a similar experience with some multi-cultural twists. In his vignette about setting up the service shop in Dammam, KSA, he compares the Saudi owner's attitudes to that of the Singaporean (Chinese) and Australian partners. Doug found that managing service shops with Chinese or Australian managers was significantly easier. The Chinese managers typically showed an innate merchant-like business sense coupled with a high tendency for altruistic attitudes where leaders are expected to show group loyalty, pride, and humane benevolence in their dealings with subordinates. The Australians, being more culturally homogenous with the American partners, were not expected to present cultural hurdles. Both these cases would be more open to motivational group management methods preferred by the Americans. However, Doug was initially unable to find a suitable General Manager for the Dammam shop. He finally resolved to personally manage that shop and consequently was required to locate to Saudi permanently for the time it took to get the business on the right track. Actually, the situation was significantly improved when he saw an opportunity to form a manufacturing agreement (MA), with Mitsubishi Heavy Industries, a global competitor in the industrial and power markets. An American-Japanese MA on Combustion Turbine mechanical repairs for the Saudi Power customers combined the collective strengths of an altruistic and

collective enablement minded managements that suited the Saudis. This is a case in point of cultural intelligence methodology to overcome culturally inhibiting resistance in a country. This cooperation between American and Japanese competitors to serve the Saudi customer better was a significant case of effective leadership under highly diverse conditions.

2.2.5 Military Operations in Diverse Cultural Settings

In Chapter 1, LTC Doty and Barnes describe the development of a command climate by military leaders to consistently achieve both effective and ethically responsible leadership practices in their units. The recommended approach is appropriate conduct through both actions and relationships using two-way communications, and reinforcement, in all decision-making.⁸³ Nowhere is the challenge greater for a military leader to establish the command climate than in a Special Operations Forces (SOF) operation like that described by the SF LTC in interview #6. The nature of a Fusion Cell operation is to collect and integrate multi-source combat intelligence with a team composed of approximately 20-30 multi-national soldiers and civilians. The purpose of the information is to rapidly advise and influence combat decisions and actions of multiple joint fighting elements stemming from the allied nations opposing a common enemy. Lack of facility in a common language and strongly diverse cultures can be major obstacles to effective results. The situation poses the classical challenge to effective leadership within a diverse culture environment. The LTC's answers to the questionnaire came from his stationed posting to a fusion cell team near Kabul, Afghanistan. They reveal a strong innate sense of cultural intelligence and experience in observing, interpreting, and communicating effectively with foreign cultures.

⁸³ C.M. Barnes and LTC. J. Doty, Ibid. 90.

The LTC alludes to earlier life experiences, both living overseas and in previous multiple combat experiences in four deployments to Iraq and Afghanistan:

Most of my involvement with cultural groups in the Middle East and Central Asia involved key leader engagements and training of host nation security forces. I noticed several things I noted when I was a kid, if you're friendly, they're friendly. They enjoy hanging with men verses women or their own families. They enjoy social events with music and food.

He senses the importance of recognizing both similarities and differences between cultures and the need to communicate closely to gain trust and understanding. This seems to underscore his definition of leadership:

To understand and then shape/influence to perform a certain way or achieve a common goal, and also define what he considers to be the antithesis of the effective leader: the Narcissist leader who fails to listen and who chooses not to understand first...or give coherent guidance and direction or set aside his own agenda.

The LTC's example of a case where recognizing cultural precepts is a vital consideration when making decisions involving those of another culture is the story about the Afghan Police Chief. In this country the practice of providing security along roads at checkpoints often included arbitrarily assessing a toll, or the ancient custom of "baksheesh," on some but not all passersby. It is all too common in such cases where the foreign culture, in this case the Western or Combined Joint Operations Command will attempt to have removed the Police Chief for "corruption." The LTC points out that enlightened leadership will recognize the wisdom of allowing "Afghan Good Enough" practices to remain in place keeping stability and leaving long proven traditions undisturbed.

In the case of the Lieutenant in the Republic of Vietnam, interview #5, both the time and the setting are more than forty years removed from current military experiences, yet the cultural intelligence aspects of leadership still apply. The viewpoints expressed are those of a young

American Army officer in his early twenties leading both younger and approximately thirty seasoned troops. They form a combat engineer platoon supporting American combat operations in support of the Republic of Vietnam Army in early 1970. Here, the cultural dynamic is largely two-dimensional--American and Vietnamese--as opposed to the LTC's fusion team in Afghanistan consisting of more than twenty European and Asian allied specialists plus indigenous local support elements. In the Vietnam case, the American force is in daily contact with the friendly nationalist South Vietnamese (ARVN) together opposing the communist, Russian supported North Vietnamese Army (NVA), and the Viet Cong indigenous rebel forces. The lieutenant has not received formal training in cultural intelligence prior to arriving in country. He is, however, exposed to those who have perhaps had longer time in country and possibly multiple tours. His opportunity to learn from the culture around him is based on the experience of those in his command as well as exposure to the friendly ARVN troops. The immediate consequences of any failure to perceive, interpret, and exercise good judgment are very high. Yet, he relates several occasions in his stories that indicate a high innate sense of CQ, which proves to serve him well.

In the "water point story," the lieutenant demonstrates classical good leadership by taking initiative to solve a problem, leading by setting the example, and facing risks, which he does not pass off to others. His men have gotten into a critical situation, which requires careful handling yet he is able to work out a successful solution without incurring greater risks. More importantly, he takes charge personally on the dozer immobilized in the center of an unmarked mine field and by carefully re-tracking the dozer's entry path clears the danger for his men and equipment. His judgment and confidence in his men prove to be correct. Later as they shower at a nearby waterfall, he again exhibits trust and calm judgment when approached by combatants,

not clearly identified as ARVN Rangers. He assessed the potential danger of the approaching men in “black pajamas” but retained calm control and avoided an unwarranted “friendly fire” incident. His men trusted his judgment and the locals gained respect.

In his other vignettes, the farmer’s field and the drainage culverts along the road dikes, the lieutenant focuses on the locals and learns to appreciate their needs to carry on with life’s daily tasks in the midst of a war they cannot appreciate or avoid. In each case, the LT exhibits responsibility and compassion, which gains for him and his troops the trust and loyalty to continue their mission in a constructive way. He takes the opportunity to lead his men in a responsible manner rather than merely carrying out Headquarters’ directed solutions. His innate CQ is demonstrated to his men by improvising means to win the hearts and minds while still accomplishing the military mission.

These vignettes provide a graphic portrayal of leadership in action where LCQ knowledge is instrumental to success in a wide array of business and military operations centered in different regions from Asia Pacific, to Southeast Asia to the Middle East. Table 3.1, findings of Group LPI Performance Qualitative Ratings demonstrates a qualitative measure of 4.0 (High Mean Range performance). This signifies a leadership aptitude in LPI for the entire group of respondents and attests to the probability of highly effective leadership qualities belonging to the interview group at large. The common denominator linking the leadership qualities to the various successful operations in foreign operations exhibiting highly diverse cultural behaviors can be attributed to cultural intelligence successfully applied in combination with proven effective leadership performance.

Conclusion and Recommendations

Organizations often appoint leaders for their IQ. Then, years later, sack them for their lack of EQ (Emotional Intelligence). Common purpose argues that in the future they will promote for CQ-Cultural Intelligence.

Julia Middleton ⁸⁴

This thesis has explored the question: What makes leadership highly effective in foreign-based operations? The answer points to the essential requirement for leadership cultural intelligence or LCQ. LCQ is the ability of a leader to apply the dimensions of highly effective leadership outlined in the published research in a manner that optimizes cultural endorsement within the host-country organization. This means adapting the significant leadership practices and commitments prescribed in Kouzes and Posner's Leadership Practices Inventory (LPI) and transferring them into a brand of visionary transformative leadership (VTL) which individuals in the organization can readily recognize, justify, and begin to emulate. In order to accomplish this, leaders must be prepared to learn the cultural environment in question sufficiently to tailor their guidance and leadership style such that it is endorsed and followed by the organization.

In Chapter 1, the focus centers on the science of leadership in terms of visionary transformation of organizations by leaders and the application of Kouzes and Posner's Leadership Practices Index to empirically quantify a measure of effectiveness. Visionary transformational leadership (VTL) is what Kouzes and Posner described as the means to transform effective management into extraordinary successes, or highly effective leadership. They have perfected a leadership practices inventory (LPI), which serves as a measurement matrix to evaluate values ascribed to VTL in terms of increased organizational vitality and diminished individual resistance to unit goals. With the LPI model, this study has prescribed the

⁸⁴ Julia Middleton, *Cultural Intelligence CQ: The Competitive Edge for Leaders Crossing Borders*''

behavioral practices and the matching commitments shown in Table 1.2 on page 15—framing a model for highly effective leadership independent of cultural effects.

The focus of the study then shifts from leader performance practice and commitment to exploring the application of cultural intelligence operating in foreign environments. This is because leadership effectiveness of applied management techniques and acquired leadership expertise often falls short when placed in diverse cultural surroundings. The purpose of this study is to evaluate leadership behavior within varied cultural contexts. Thus, formative industry studies (i.e. GLOBE Research Project, the EU Study of Organizational Innovation in Foreign Operations, and the Study of Ethical Values and Leadership, as well as the published views from military experts by Barnes, Doty, and Myers) provide a means to evaluate the effect of cultural differences in the key leadership areas of innovation and ethical behavior applied across different groups. This published research establishes a composite LCQ model to compare survey findings compiled by the author and discussed in Chapter 2.

All seven interviewee's answers were first assessed for leadership competence in accordance with Kouzes and Posner's model LPI. The interview findings showed where the sample group demonstrates characteristic behavior of highly effective leadership; from the qualitative measure of the questionnaire responses, the group tested at a high mean performance of 4.0 overall based on the 1.0-5.0 Likert scale (Table 3.1 Interview Group LPI Performance Qualitative Ratings on page 89). The control group conformed to ANOVA and CFA measurement-testing standards when comparing equivalence of leadership dimensions surveyed in the interviewee questionnaires. These results indicate that all interviewees exhibited highly effective leadership behavior in their assignment experiences.

Survey findings overall confirmed literature findings about attaining highly effective leadership exercised in diverse cultural environments and strongly validates the value of CQ training over extended periods of time for the appointed leaders serving in foreign regions of operation. The application of Table IV on page 90, Ranking of Culture Clusters Based on Endorsement of Each Dimension of Ethical Leadership, provides a practical basis for evaluating leader behavior in different culture contexts. This data, in the form of mean index values ascribed to the various culture clusters, can be extended to provide a numerically relevant index describing a wider range of differences between culture group's endorsement propensities and foreign leader's leadership styles common to the leadership's own culture. As the leadership profiles of the tested interview group all fall in the Anglo culture group, the experiences and resulting actions of the leaders to influence their organizations differ measurably when applied to various culture regions. Predictably, a leader's ability to modify behavior, which is more readily accepted in a different culture, proves to be a significant advantage to developing an effective leadership style in a given culture. This sensitivity to endorsement by different culture regions is reflected and validated by the testimony of the various interviewees describing their experiences in the different cultural regions. From an application of the LPI model and the ranking analysis of culture clusters according to Table IV, management is well equipped to structure in-house programs to identify and train prospective leaders for international assignments.

Recommendations

The work on an international assignment usually starts long before the assignee arrives in the host-country, and even before (and after) the training proper.⁸⁵

Once justification for highly effective leadership principles, commitments, and LCQ methods are accepted by managers of global operations, the most critical step is providing for an effective LCQ training program. This step needs to come well ahead of deploying managers to the foreign operating base and it needs to be open to not only the in-country managers but also the supporting operational managers and even domestic top management, ultimately responsible for global organizational success. It must also allow for continuous updating by drawing from active managers with considerable experience in LCQ.

In selecting the right managers to enter into LCQ training in an organization, the obvious first choice is the accomplished expert. Such individuals are often those who have demonstrated an aptitude to anticipate people's reactions in the next situation and act decisively. When available they would appear the logical choice for the international assignment. Earley warns in his article "Knowing What Makes the Group Tick," that the accomplished expert in the familiar culture of the home environment may well be less intuitive in other cultural environments. Such individuals often lack the perception and interpretive skills called for in the foreign assignment. It behooves management to seek out those individuals detached or lower-profiled in the home surroundings who are by nature better observers and have more refined interpretive skills in foreign host surroundings. He proposes a company program designed to identify manager candidates for foreign assignments using a strength-weakness test to measure aptitude for LCQ.

⁸⁵ Neal Goodman, "Six Steps for Successful Expatriate Training, *Training Magazine*, February 24, 2014, (ASTD Links).

Businesses can create their own CQ program similar to the one developed by Deutsche Bank, which is based on six phases lasting 2-3 days, and described further on.⁸⁶

Smaller companies primarily rely on “on the job training” methods to increase LCQ in their overseas managers. However, this is ineffective especially when trial and error can prove so costly. Perhaps an equally ineffective method is when companies provide crash courses for acquiring LCQ. An example would be companies who conduct a culture course for two weeks in the Rockies to provide an all-purpose, quick-and-dirty orientation to the new foreign assignment in the Middle East. The curriculum might be a version of “beliefs, customs, and taboos” taught by a retired expatriate’s wife who authored a book in the 40’s entitled *When to Bow, Kiss, or Shake Hands*. Earley is quoted to say: “Given the number of cross functional assignments, job transfers, new employers, and distant postings, most corporate managers are likely to experience in the course of a career, low CQ can turn out to be a distinct disadvantage.”⁸⁷ This is another way of saying that only with significant company-sponsored LCQ training based on prescreening interviews and surveys followed by continuous in-house training can companies avoid ineffective leadership in their foreign operations.

Developing an effective program to train management in LCQ can be systematically cultivated within the organization if it is based on actual knowledge and experience in the cultural character of a host-region. The host-country culture initially presents a high wall, or obstacles to easy understanding and adaptation, because natives are often reluctant to explain themselves and their cultural ways. Key to discovering a proven technique to a specific culture LCQ is to recognize the shared values of the culture and the organization. Next the selection of

⁸⁶ P. Christian Earley and Elaine Mosakowski, “Cultural Intelligence”, *Best Practice: Harvard Business Review*, (Harvard Publishing Newsletter, EBSCO HOST, May 2009), 143.

⁸⁷ P.C. Earley and Soon Ang, *Ibid.* 3.

manager-leader candidates must be those individuals who are demonstrated to be psychologically sound, physically healthy, and experienced professionals yet lacking CQ. The method Earley describes in his article begins with the Strength and Weakness Survey, and based on results follows any or some of these possible six phases:

Phase 1: Practical exercise simulating a business environment or an actual experience using 360 degree feedback from participating colleagues to highlight short comings and corrective actions.

Phase 2: Selective training sessions for low cognitive CQ skilled candidates in the areas of demonstrated weaknesses. This is to reinforce candidate (i.e., role play, inductive reasoning and logic lessons, reviewing case studies).

Phase 3: A series of skill tests in cultural contexts for low motivational CQ skills (i.e. inquiring how to buy a local newspaper, greeting an interviewee or other local interactions within the host country local economy such as shops or sports events).

Phase 4: A specific training program is developed to address the candidate's weaknesses by providing resources and direct support from experts within or outside the organization.

Phase 5: An introductory phase for candidates to enter the targeted work environment when they consider themselves ready. Some will go forth straight away showing confidence in their own abilities to mimic the experts and possessing a strong outgoing personality. Others will opt to delay entry until they have the opportunity to fully observe, analyze, and consider practices.

Phase 6: An opportunity to re-assess preparation, consult 360-degree feedbacks, and continue confidence training until ready.

Such a formal program to identify and train candidate personnel for CQ training and eventual deployment is essential for effective operations in foreign culture environments.

Consistent with a process for selection and training is the development of a formal organizational

theory, which supports deployments both within the forward base (foreign culture), as well as from the home base. The formal training programs need to emphasize ongoing re-training in the area of operations and for support people involved in the back office support. Organizations need to create vertical, or silo-configured, organizations dedicated to support foreign operations and deployments. Such an approach needs to allow a sufficient learning curve time with comprehensive transfer programs set up for replacing leadership in an area of operation. The stepped approach is described by J. Stewart Black and Mark Mendenhall in their article “Cross-Cultural Training Effectiveness: A Review and a Theoretical Framework for Future Research.”⁸⁸

A formal training program as described above is a necessary step for global operations to select and prepare a cadre to lead international operations. The leadership, when adequately prepared in the tenets of LCQ, are not only better equipped to succeed in the mission, but also able to foster an organizational ethos among the local employees who can then adopt and excel in the attainment of extraordinary accomplishments. LCQ training provides not only a safeguard against critical failures in foreign-based operations; it has the potential to foster an organization capable of self-generating highly effective performance based on its indigenous skills and insights. This is the essential value of developing and training leaders capable of leading with cultural intelligence in global operations.

⁸⁸ J.S. Black and Mark Mendenhall, “Cross-Cultural Training Effectiveness: A review and a Theoretical Framework for Future Research”, *Academy of Management Review*; Jan 1990. 113.
<http://www.jstor.org/stable/258109>.

Research Data Terms and Appendices.

Appendix A. Kouzes and Posner's Leadership Practices Index (LPI)

Appendix B. The GLOBE Study

Appendix C. The EU Study Project on Innovation

Appendix D. The Ethical Leadership Study

Appendix E. Table I: Comparison of theoretical dimensions of leadership to study results

Appendix F. Table II: Societies included in the GLOBE Study by Culture Cluster Membership

Appendix G. Table IV. Ranking of social culture clusters based on endorsement of each dimension of ethical leadership

Appendix H. Interview Questionnaire

Data Terms and Definitions

This section provides the relevant descriptions and data referenced from the key study projects researched to support the thesis of effective leadership within diverse cultures. The methods used in the referenced studies and the author's practical study to the extent possible followed the Grounded Theory Methods in Urquhart's *Grounded Theory for Qualitative Research: A practical Guide*, 2013.

The following definitions apply to the statistical data representations and discussions referenced here and in the text:

ANOVA testing refers to the methods of confirming variance testing of factors used in these studies to confirm model fit for dimensional endorsement between culture groups.

Confirmatory Factor Analysis (CFA) refers to the measurement equivalence of dimensional scales for model fit comparisons. Criteria used in the Resick et al. and Elenkov studies are 0.90 or greater.

Root Mean Square Error of Approximation (RMSEA) is the mathematical calculation for relative variance between factors, for model fit comparisons. Criteria used for Resick et al. and Elenkov studies is 0.09 or less.

Appendix A: Kouzes' and Posner's Leadership Practices Inventory, LPI.

The LPI is a highly recognized management assessment tool based on extensive empirical testing, which can provide a quantifiable standard of leadership effectiveness. The original surveys conducted in 1987 were twelve pages in length containing thirty eight questions. The central construct is for the respondent to describe a project that became a personal best, or extraordinarily effective. Respondents numbered 550 with completed surveys and forty two interviews. Since then, more than 70,000 individuals have been surveyed and tested. These data form the LPI instrument today and are depicted in Table 2.1, page 14.

Appendix B: The GLOBE Study.

GLOBE, Global Leadership and Organizational Behavior Effectiveness, has been described as “the most comprehensive investigation to date on the relationship between effective leadership and cultural variables”.⁸⁹ It represents for today's management a strong endorsement of charismatic/value-based leadership across cultures.⁹⁰

The key question debated in the study is whether cultural differences can be effectively transcended by a universal approach to leadership behavior. Will various cultures accept and

⁸⁹ D. S. Elenkov and I.M. Manev, *Journal of World Business* 4 2009, 358.

⁹⁰ Robert House, Mansour Javidian, Paul Hanges, Peter Dorfman, *JWB* 37, 2002, 3-10.

ultimately follow transformative leadership styles? The study attempts to provide empirically based answers to these questions. The method used is questionnaire- surveys, conducted by 150 Country Co-Investigators (CCI).

GLOBE identifies nine societal dimensions which are common to all cultures studied.

It evaluates three primary organizational contingencies. It provides a universal definition of organizational leadership which is accepted across sixty one cultures evaluated.

Cultures are identified by shared motives, values, beliefs, identities, and interpretations Which, result from common experience transcending age generations.

Leadership attributes, termed in the study as culturally endorsed implicit leadership theories, (CLT), are empirically identified behavioral dimensions drawn from a large pool of attributes, which in turn are rated by respondents from a wide range of cultures.

Ultimately, results showed 2 CLTs as universally accepted, one as nearly universally accepted, one as a universal impediment to leadership, and two which varied across cultures.⁹¹ From this work a theoretical model was found. Work continued in phases according to the model.

GLOBE Phase II data source: 17,000 questionnaires to middle managers from 825

Organizations from 61 countries.

Four different Executive (C.E.Os.) questionnaires focused on organizational attributes, contingencies, and performance.

Primary Sources:

House R., Javidian, M., Hanes, P. & Dorfman, P. (2002).

“Understanding Cultures and Implicit Leadership Theories across the Globe: An

⁹¹ Ibid. 7.

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Appendix C: EU Study Project on Innovation. Elenkov and Manev.

The EU Sampling Survey was a study of organizational Innovation within European Union Nations, and it compliments and extends the GLOBE Project. It focuses on individual leader behavior to capture the cultural context of constant cultural intelligence and interactions. This study, concentrates on a specific leadership style: charismatic/value-based leadership, from the 23 styles investigated by GLOBE to foster performance. A key determinate of business performance is sustained innovation, one of the most powerful factors for competitive advantage and successful performance. It requires inspirational or visionary transformational leadership style to introduce and motivate acceptance in foreign cultures.

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Appendix D: Ethical Leadership Study. Resick et al.

Christian Resick, Paul Hanges, Marcus Dickson, and Jacqueline Mitchelson in their study in 2006 began with a western-based literary review of ethical leadership to define four key aspects of ethical leadership. They then tested them to determine the endorsement across cultures. They drew heavily from the active (Phase II) database of the GLOBE project to determine the degree of cultural endorsement across ten cultural clusters comprising the 62 societies of the GLOBE project. The four key aspects studied were Character/Integrity, Altruism, Collective Motivation, and Encouragement. They performed verification testing of the data to determine both the similar meaning of the four aspects and the degree of endorsement across all 62 societal cultures of the GLOBE study. All four aspects were found to have significant effect on effective leadership within each culture group. Their study along with GLOBE Study Project and the EU Sampling Survey forms an analytical data base to correlate effective performance systematically within diverse culture groups. What their data shows is provided in several tables:

Appendix E:

Table I. Comparison of theoretical dimensions of leadership to study results.

<u>Conceptual Dimensions</u>	<u>Scale (test) Dimensions</u>
• Character and Integrity	Trust, Sincere, Just, Honest
• Community/People Orientation	Altruism Generous, Fraternal, Compassionate, Modest
• Motivating	Collective Motivation Communicative, Confidence Building, Group Orientation, Motive Arouser, Team Building
• Encouraging/Empowering	Encouraging, Morale Booster

Appendix F:

Table II. Societies included in the GLOBE study by Culture Cluster Membership.*

<u>Culture Cluster</u>	<u>Society</u>
• Anglo	Australia, Canada, England, United States
• Confucian Asian	China, Japan, Singapore, South Korea
• Eastern European	Albania, Greece, Kazakhstan, Poland, Russian, Slovenia
• Germanic European	Austria, Germany, Netherlands, Switzerland
• Latin American	Argentina, Brazil, Colombia, Mexico
• Latin European	France, Israel, Italy, Portugal, Spain
• Middle Eastern	Egypt, Kuwait, Iraq *, Saudi Arabia *, Afghanistan *
• Nordic European	Denmark, Finland, Sweden
• Southeast Asian	India, Indonesia, Malaysia, Thailand

* This chart is limited to those Societies relative to this study project and not the GLOBE study.

Societies not listed by GLOBE are indicated and clustered accordingly to the author's experience.

Appendix G:

Table IV. Ranking of culture clusters based on endorsement of each dimension of ethical leadership. **

Band	<u>Character/Integrity</u>	<u>Altruism</u>	<u>Collective Motivation</u>	<u>Encouragement</u>
Higher	Nordic European (6.40)	Southeast Asian (5.16)	Anglo (6.32) Latin American (6.2) Nordic European (6.25)	
Range	6.40	5.16	6.25-6.32	
Middle	Germanic European (6.31) Latin American (6.26) Anglo (6.22) Southeast Asian (6.19)	Confucian Asian (4.93) Latin American (4.87) Middle Eastern (4.76) Anglo (4.70)	Germanic European (6.12) Latin European (6.09) Southeast Asian (6.06) Eastern European (5.86)	Nordic European (6.43) Anglo (6.39) Latin American (6.19) Germanic European (6.18)
	Latin European (6.00) Eastern European (5.89) Confucian Asian (5.82)	Eastern European (4.53) Germanic European (4.37)	Confucian Asian (5.78)	Southeast Asian (6.15) Confucian Asian (6.04) Eastern European (6.03)
Range	5.82-6.31	4.37-4.93	5.78-6.12	6.03-6.43
Lower	Middle Eastern (5.65)	Latin European (4.29)	Middle Eastern (5.53)	Middle Eastern (5.57)
Range	5.65	4.29	5.53	5.37

** This chart is limited to those Societies relative to this study project and not the GLOBE study.

Primary sources:

Christian Resick, Paul J. Hanges, M.W. Dickinson, J.K. Mitchelson. (2006). "A Cross-Cultural Examination of the Endorsement of Ethical Leadership", *Journal of Business Ethics*, 63: 345-359
DOI 10.007/s 10551-005-3242-1.

Appendix H: Interview Questionnaire.Background

Describe the organization you worked for and your role.

Describe the nature of your involvement in International business and the different cultural groups with whom you had significant contact.

Define a predominant culture group and the timetable and circumstances of your involvement within that culture group.

Definition of Leadership. Provide your definition based on your experiences working within diverse cultures.

How is leadership different when working within a diverse culture?

What do you consider major obstacles to effectiveness?

Are character and integrity more or less important within a diverse culture?

Are traditional means of motivation within the group more or less effective?

What is the best means to motivate collective performance of a group?

How important is identification with the cultural precepts of another culture to achieving success? Can you provide examples?

Your greatest challenge. What do you consider your greatest challenge to have been working within a diverse culture?

Describe a situation where the goals of the expatriate company clashed with the in-country goals and how you attempted to resolve it?

What is the ideal timetable for an expatriate leader to get up to speed and become effective in a foreign country?

Language proficiency. How important is it to being an effective leader in the foreign country?

What can the expatriate do to achieve effective close relations with in-country principals beyond using translators or relying on his host's English skills?

Provide some examples of adapting to, learning about, and mutually enjoying the other culture.

Greatest success and failure. Describe your greatest success. Describe your most disappointing failure. To what do you attribute each of them?

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